
State: District of Columbia **Filing Company:** Loyal American Life Insurance Company
TOI/Sub-TOI: H07I Individual Health - Specified Disease - Limited Benefit/H07I.001 Critical Illness
Product Name: Loyal LSC/LSH
Project Name/Number: Loyal LSC/LSH/Loyal LSC/LSH

Filing at a Glance

Company: Loyal American Life Insurance Company
Product Name: Loyal LSC/LSH
State: District of Columbia
TOI: H07I Individual Health - Specified Disease - Limited Benefit
Sub-TOI: H07I.001 Critical Illness
Filing Type: Rate
Date Submitted: 02/06/2014
SERFF Tr Num: UTAC-129368050
SERFF Status: Closed-APPROVED
State Tr Num:
State Status:
Co Tr Num: LOYAL LSC/LSH

Implementation On Approval
Date Requested:
Author(s): Denise Cox, Alycia Sumbera, Ashley Heath, Rena Warden, Victor Morales, Erica Bond
Reviewer(s): Darniece Shirley (primary), Alula Selassie, Donghan Xu
Disposition Date: 02/20/2014
Disposition Status: APPROVED
Implementation Date: 02/20/2014

State Filing Description:

State: District of Columbia **Filing Company:** Loyal American Life Insurance Company
TOI/Sub-TOI: H071 Individual Health - Specified Disease - Limited Benefit/H071.001 Critical Illness
Product Name: Loyal LSC/LSH
Project Name/Number: Loyal LSC/LSH/Loyal LSC/LSH

General Information

Project Name: Loyal LSC/LSH	Status of Filing in Domicile: Pending
Project Number: Loyal LSC/LSH	Date Approved in Domicile:
Requested Filing Mode: Review & Approval	Domicile Status Comments:
Explanation for Combination/Other:	Market Type: Individual
Submission Type: New Submission	Individual Market Type:
Overall Rate Impact:	Filing Status Changed: 02/20/2014
	State Status Changed:
Deemer Date:	Created By: Ashley Heath
Submitted By: Ashley Heath	Corresponding Filing Tracking Number:
Filing Description:	
Re: Loyal American Life Insurance Company	
NAIC # 65722 FEIN # 63-0343428	

Actuarial Memorandum Rates

The rates described above are submitted for review and approval.

The policy forms and riders described above will provide Lump Sum Cancer and Lump Sum Heart and Stroke coverage and benefits and will be sold through licensed agents.

These rates are new and do not replace any rates previously approved by your department. We currently do not have any D.C policyholders as this is a new filing. The proposed Effective Date will be date of approval from the DOI.

To be used with previously approved endorsement L-4465 approved on 3-7-1995.

PLEASE NOTE THAT THIS POLICY INCLUDES A BINDING ARBITRATION PROVISION.
WE ARE UNCLEAR AS TO YOUR STATE'S REGULATORY POSITION ON THIS. IF THIS IS AN UNACCEPTABLE PRACTICE, PLEASE ADVISE ON ACCEPTABLE ARBITRATION PROVISIONS.

The documents were prepared on a personal computer and will ultimately be printed from another data processing system that may cause some print style and/or page spacing changes. However, there will not be any changes to the actual text of the contract other than listed or bracketed variables.

If there are any questions or comments, please call me at (800) 633-6752 extension 4945, or email me at Ashley.Heath@Cigna.com.

Sincerely,
Ashley Heath
Compliance Senior Associate
Loyal American Life Insurance Company

Company and Contact

State: District of Columbia **Filing Company:** Loyal American Life Insurance Company
TOI/Sub-TOI: H071 Individual Health - Specified Disease - Limited Benefit/H071.001 Critical Illness
Product Name: Loyal LSC/LSH
Project Name/Number: Loyal LSC/LSH/Loyal LSC/LSH

Filing Contact Information

Ashley Heath, Sr. Compliance Analyst Ashley.Heath@Cigna.com
11200 Lakeline Blvd. 512-531-1539 [Phone]
Suite 100
Austin, TX 78717

Filing Company Information

Loyal American Life Insurance Company	CoCode: 65722	State of Domicile: Ohio
11200 Lakeline Blvd., Suite 100	Group Code: 901	Company Type: Insurance Company
P.O. Box 559004	Group Name:	State ID Number:
Austin, TX 78755-9004	FEIN Number: 63-0343428	
(800) 633-6752 ext. [Phone]		

Filing Fees

Fee Required? No
Retaliatory? No
Fee Explanation:

SERFF Tracking #:	UTAC-129368050	State Tracking #:		Company Tracking #:	LOYAL LSC/LSH
State:	District of Columbia	Filing Company:	Loyal American Life Insurance Company		
TOI/Sub-TOI:	H071 Individual Health - Specified Disease - Limited Benefit/H071.001 Critical Illness				
Product Name:	Loyal LSC/LSH				
Project Name/Number:	Loyal LSC/LSH/Loyal LSC/LSH				

Rate/Rule Schedule

SERFF Tracking #:

UTAC-129368050

State Tracking #:

Company Tracking #:

LOYAL LSC/LSH

State: District of Columbia

Filing Company:

Loyal American Life Insurance Company

TOI/Sub-TOI: H071 Individual Health - Specified Disease - Limited Benefit/H071.001 Critical Illness

Product Name: Loyal LSC/LSH

Project Name/Number: Loyal LSC/LSH/Loyal LSC/LSH

Item No.	Schedule Item Status	Document Name	Affected Form Numbers (Separated with commas)	Rate Action	Rate Action Information	Attachments
1		Lump Sum Cancer Policy and Recurrence	LY-LSC-BA	New		Actuarial Memorandum - Cancer Base.pdf, Attachment 1 - Cancer Premiums.pdf, Attachment 1 - Cancer Recurrence Premiums.pdf, Attachment 2 - Cancer Loss Ratios.pdf, Attachment 3 - Cancer Payroll Deduction Premiums.pdf, Attachment 4 - Cancer Recurrence Payroll Deduction Premiums.pdf,
2		Lump Sum Heart Policy and Restoration	LY-LSH-BA	New		Actuarial Memorandum - Heart Base.pdf, Attachment 1 - Heart and Stroke Premiums.pdf, Attachment 2 - Heart and Stroke Loss Ratios.pdf, Attachment 3 - Heart and Stroke Payroll Deduction Premiums.pdf, Attachment 4 - Heart and Stroke Restoration Payroll Deduction Premiums.pdf,

SERFF Tracking #:

UTAC-129368050

State Tracking #:

Company Tracking #:

LOYAL LSC/LSH

State:

District of Columbia

Filing Company:

Loyal American Life Insurance Company

TOI/Sub-TOI:

H071 Individual Health - Specified Disease - Limited Benefit/H071.001 Critical Illness

Product Name:

Loyal LSC/LSH

Project Name/Number:

Loyal LSC/LSH/Loyal LSC/LSH

3		Hospital and Intensive Care Unit Indemnity Rider	LY-HICU-RD	New		Actuarial Memorandum - Hospital and Intensive Care Unit Indemnity Rider.pdf, Attachment 1 - Hospital and Intensive Care Unit Indemnity Premiums.pdf, Attachment 3 - Hospital and Intensive Care Unit Indemnity Loss Ratios.pdf, Attachment 2 - Hospital and Intensive Care Unit Indemnity Payroll Deduction Premiums_1-31-14.pdf,
4		Hospital Indemnity Rider	LY-HI-RD	New		Actuarial Memorandum - Hospital Indemnity Rider.pdf, Attachment 1 - Hospital Indemnity Premiums.pdf, Attachment 3 - Hospital Indemnity Loss Ratios.pdf, Attachment 2 - Hospital Indemnity Payroll Deduction Premiums_1-31-14.pdf,

SERFF Tracking #:

UTAC-129368050

State Tracking #:

Company Tracking #:

LOYAL LSC/LSH

State:

District of Columbia

Filing Company:

Loyal American Life Insurance Company

TOI/Sub-TOI:

H071 Individual Health - Specified Disease - Limited Benefit/H071.001 Critical Illness

Product Name:

Loyal LSC/LSH

Project Name/Number:

Loyal LSC/LSH/Loyal LSC/LSH

5		Intensive Care Unit Rider	LY-ICU-RD	New		Actuarial Memorandum - Intensive Care Unit Indemnity Rider.pdf, Attachment 1 - Intensive Care Unit Indemnity Premiums.pdf, Attachment 2 - Intensive Care Unit Indemnity Payroll Deduction Premiums.pdf, Attachment 3 - Intensive Care Unit Indemnity Loss Ratios.pdf, Attachment 2 - Intensive Care Unit Indemnity Payroll Deduction Premiums_1-31-14.pdf,
6		Lump Sum Cancer Rider	LY-LSC-RD	New		Actuarial Memorandum - Cancer Rider.pdf, Attachment 1 - Cancer Premiums.pdf, Attachment 2 - Cancer Loss Ratios.pdf, Attachment 2 - Cancer Payroll Deduction Premiums.pdf,
7		Lump Sum Heart Rider	LY-LSH-RD	New		Actuarial Memorandum - Heart Rider.pdf, Attachment 1 - Heart and Stroke Premiums.pdf, Attachment 1 - Heart and Stroke Restoration Premiums.pdf, Attachment 2 - Heart and Stroke Loss Ratios.pdf, Attachment 2 - Heart and Stroke Payroll Deduction Premiums.pdf,

Loyal American Life Insurance Company

Actuarial Memorandum Lump Sum Cancer Policy Form Series LY-LSC-BA

1. Scope & Purpose

This Actuarial Memorandum describes the benefits provided in the Lump Sum Cancer Policy Form Series LY-LSC-BA. This memorandum supports the rates being filed. This is a new policy form. This memorandum is not intended to be used for any other purpose.

2. Benefit Description

The policy provides 100% of the selected benefit amount payable to the insured upon the first ever under the policy diagnosis of invasive cancer or carcinoma in situ.

If the insured is diagnosed within the first 30 days immediately following the effective date of the policy, the benefit amount will be reduced to be 10% of the selected benefit amount and coverage for that insured person will be terminated.

Benefit amounts will range from \$5,000 to \$100,000 in \$1,000 increments.

In addition to the base policy, an optional cancer recurrence benefit rider (form LY-CR-RD) is available. The rider benefit amount is the same as the base benefit amount. The rider pays a percentage of the benefit amount upon additional diagnoses of invasive cancer or carcinoma in situ as shown in the table below. The recurrence benefit applies when 100% of the original benefit has been paid and the insured person has not received advice or treatment for cancer for at least 24 consecutive months from the date of the last diagnosis under the policy and the rider. Up to an additional 100% of the benefit amount is payable under the recurrence benefit rider. If a percentage of the recurrence benefit amount is paid and the insured person then becomes eligible for a subsequent recurrence benefit, the amount payable for the subsequent recurrence benefit is the lesser of the percentage amount payable and 100% minus the percentage of the recurrence benefit amount received for all previous recurrence benefits.

Time Period Without Advice or Treatment	% of Cancer Recurrence Benefit Amount Payable
Less than 24 months	0%
24 months or more but less than 5 years	25%
5 years or more but less than 10 years	75%
More than 10 years	100%

3. Renewability

This policy is guaranteed renewable for life.

4. Morbidity

The morbidity assumptions for cancer and carcinoma in situ were developed using the following sources:

- Cancer: 2000-2003 SEER Cancer Statistics Review
- Carcinoma in Situ: 2000-2003 SEER Cancer Statistics Review, Regional SEER data, and other sources

Basic attained age claim costs were derived from the above sources and have been adjusted to reflect the first ever diagnosis under the policy, take into account the effect of underwriting, and reflect Company experience. Claim costs were provided by Michelle Dyke, FSA, MAAA, Principal and Consulting Actuary of Milliman, Inc.

5. Mortality

Mortality used is 100% of the 2001 CSO Table, ALB.

6. Persistency

The assumed persistency rates are the complement of the lapse rates illustrated below.

Duration	Lapse
1	25.0%
2	15.0%
3	12.5%
4	10.0%
5	9.0%
6	9.0%
7+	8.0%

7. Expenses

- a) Acquisition expenses are assumed to be \$25 per policy subject to 2% annual inflation
- b) Maintenance expenses are assumed to be \$20 per policy subject to 2% annual inflation, 4.5% of premium, and 3.0% of claims
- c) Premium taxes are assumed to be 2.0% of premium

8. Premium Classes

Premiums will vary by rate class, issue age, and benefit amount. Premium rates for the base and optional recurrence rider are included in Attachment 1 - Cancer Premiums and Attachment 1 - Cancer Recurrence Premiums.

9. Issue Age Range

The issue age range for the policyholder is 18 to 99.

10. Area Factors

There are no area factors for these forms. The rates will be the same throughout the state.

11. Average Annual Premium

The average annual premium is \$531.02. Premiums are calculated by multiplying the number of units purchased by the annual per \$1,000 benefit premium rates included in Attachment 1 - Cancer Premiums and Attachment 1 – Cancer Recurrence Premiums.

12. Premium Modalization

	Credit Card	Direct Bill	List Bill	PAC
<i>Monthly</i>	0.0850	N/A	0.0900	0.0850
<i>Quarterly</i>	0.2650	0.2650	0.2650	0.2650
<i>Semi-Annual</i>	0.5200	0.5200	0.5200	0.5200
<i>Annual</i>	1.0000	1.0000	1.0000	1.0000

13. Claim Liability and Reserves

Claim reserves will be set using appropriate actuarial methodology. There are currently no claim reserves held since these are new forms.

14. Active Life Reserves

Active life reserves will be set using appropriate actuarial methodology. There are currently no active life reserves held since these are new forms.

15. Trend Assumptions

No trend has been assumed in this filing.

16. Minimum Loss Ratio

The minimum acceptable loss ratio is 55.0%.

17. Anticipated Loss Ratio

The anticipated loss ratio is expected to be 55.0%. This loss ratio equals the present value of benefits divided by the present value of annual premiums over a 40-year period, assuming a 3.24% discount rate. Durational loss ratios are included in Attachment 2 - Cancer Loss Ratios.

18. Actuarial Certification

I, Susan Hawthorne, am a member of the American Academy of Actuaries and I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

I believe this rate filing is in compliance with the applicable laws and rules of this state. This memorandum has been prepared in conformity with all applicable Actuarial Standards of Practice, including ASOP No. 8.

In my opinion, the rates included in the actuarial memorandum are not excessive, inadequate or unfairly discriminatory. They were developed using reasonable assumptions and in accordance with generally accepted actuarial principles. These rates are appropriate for the class of risks for which they are intended. This filing is in compliance with state law and regulation. The actuarial memorandum has been prepared for the sole purpose of demonstrating that the proposed rate schedule is reasonable and the memorandum may be not appropriate for other purposes.

Emerging experience should be carefully monitored relative to the assumptions and appropriate adjustments made to the premiums in a timely manner.

A handwritten signature in cursive script that reads "Susan Hawthorne".

Susan Hawthorne, ASA, MAAA
Associate, Society of Actuaries
Member, American Academy of Actuaries
January 7, 2014

Loyal American Life Insurance Company

Attachment 1 - Cancer Premiums

Annual Premiums per \$1,000 Benefit

Form Series LY-LSC-BA

Issue Age	Individual	Couple	One-Parent	Family
18-29	8.82	14.71	10.00	16.47
30-34	8.82	14.71	10.00	16.47
35-39	8.82	14.71	10.00	16.47
40-44	11.18	19.41	12.94	21.18
45-49	14.71	25.88	15.88	27.06
50-54	19.41	33.53	20.00	35.29
55-59	24.71	43.53	25.88	44.71
60-64	31.18	54.71	31.76	55.88
65-69	37.65	65.88	38.24	67.06
70-74	42.94	75.29	43.53	75.88
75-79	44.12	77.65	44.71	78.24
80-84	45.29	79.41	45.88	80.00
85-89	45.88	81.18	46.47	81.76
90-94	47.65	84.12	48.24	84.71
95-99	51.18	90.00	51.76	91.18

Loyal American Life Insurance Company
Attachment 1 - Cancer Recurrence Premiums
Annual Premiums per \$1,000 Benefit
Form Series LY-CR-RD: Cancer Recurrence Rider

Issue Age	Individual	Couple	One-Parent	Family
18-29	0.71	1.18	0.82	1.35
30-34	0.71	1.18	0.82	1.35
35-39	0.71	1.18	0.82	1.35
40-44	0.88	1.59	1.06	1.71
45-49	1.24	2.12	1.29	2.24
50-54	1.59	2.76	1.65	2.82
55-59	2.00	3.53	2.06	3.59
60-64	2.53	4.41	2.59	4.47
65-69	3.06	5.29	3.12	5.35
70-74	3.06	5.29	3.12	5.35
75-79	3.06	5.29	3.12	5.35
80-84	3.06	5.29	3.12	5.35
85-89	3.06	5.29	3.12	5.35
90-94	3.06	5.29	3.12	5.35
95-99	3.06	5.29	3.12	5.35

Loyal American Life Insurance Company

Attachment 2 - Cancer Loss Ratios

Anticipated Durational Loss Ratios

Form Series LY-LSC-BA

Policy	Earned	Incurred	Durational
<u>Year</u>	<u>Premium</u>	<u>Claims</u>	<u>Loss Ratio</u>
1	1,000.00	347.94	35%
2	772.06	229.38	30%
3	650.37	389.14	60%
4	562.57	338.26	60%
5	497.53	303.18	61%
6	441.22	270.45	61%
7	393.78	247.89	63%
8	353.31	225.23	64%
9	315.60	203.31	64%
10	282.68	184.04	65%
11	252.91	166.46	66%
12	225.35	150.01	67%
13	201.15	135.34	67%
14	179.22	121.87	68%
15	159.12	109.44	69%
16	141.54	98.43	70%
17	125.74	88.40	70%
18	111.57	79.27	71%
19	98.75	70.89	72%
20	87.43	63.40	73%
21	77.30	56.65	73%
22	68.25	50.54	74%
23	60.17	44.99	75%
24	52.90	39.91	75%
25	46.54	35.41	76%
26	40.90	31.41	77%
27	35.88	27.78	77%
28	31.44	24.49	78%
29	27.42	21.45	78%
30	23.98	18.80	78%
31	20.95	16.47	79%
32	18.27	14.37	79%
33	15.92	12.47	78%
34	13.77	10.70	78%
35	11.98	9.19	77%
36	10.41	7.85	75%
37	9.03	6.66	74%
38	7.82	5.59	71%
39	6.71	4.60	69%
40	5.80	3.80	65%
Discounted at 3.24%	5,852.36	3,219.08	55.0%

Loyal American Life Insurance Company
Attachment 3 - Cancer Payroll Deduction Premiums
Annual Premiums per \$1,000 Benefit
Form Series LY-LSC-BA

	Individual	Couple	One-Parent	Family
Payroll Rate	12.94	22.94	14.71	24.12

Loyal American Life Insurance Company
Attachment 4 - Cancer Recurrence Payroll Deduction Premiums
Annual Premiums per \$1,000 Benefit
Form Series LY-CR-RD: Cancer Recurrence Rider

	Individual	Couple	One-Parent	Family
Payroll Rate	1.18	2.35	1.18	2.35

Loyal American Life Insurance Company

Actuarial Memorandum Lump Sum Heart and Stroke Policy Form Series LY-LSH-BA

1. Scope & Purpose

This Actuarial Memorandum describes the benefits provided in the Lump Sum Heart and Stroke Policy Form Series LY-LSH-BA. This memorandum supports the rates being filed. This is a new policy form. This memorandum is not intended to be used for any other purpose.

2. Benefit Description

The policy provides a scheduled benefit payable to the insured upon the first ever diagnosis or procedure under the policy for any of the following qualifying events. The maximum total percentage of the benefit amount payable is 100% of the selected benefit amount.

Qualifying Event	Percentage of Benefit Amount Payable
Heart Attack	100%
Heart Transplant – or combination transplant including heart	100%
Stroke	100%
Coronary Bypass Surgery	25%
Aortic Surgery	25%
Heart Valve Replacement / Repair	25%
Angioplasty	10%
Stent	10%

If an insured person receives a percentage of the benefit amount for one qualifying event in the chart above and then becomes eligible for benefits for another qualifying event, the benefit amount payable for the subsequent qualifying event is the lesser of the percentage amount payable or 100% minus the percentage of the benefit amount received for all previous qualifying events.

Benefit amounts will range from \$5,000 to \$100,000 in \$1,000 increments.

In addition to the base policy, an optional heart and stroke restoration benefit rider (form LY-HR-RD) is available. The rider benefit amount is the same as the base benefit amount. The rider pays a percentage of the benefit amount upon an additional diagnosis or procedure of heart attack, heart transplant, or stroke as shown in the table below. The restoration benefit applies when 100% of the original benefit has been paid and the insured person has not received advice or treatment from a physician for these specific qualifying events for at least 24 months from the date of the last diagnosis or qualifying event under the policy and the rider. Up to an additional 100% of the benefit amount is payable under the restoration benefit rider. If a percentage of the restoration benefit amount is paid and the insured person then

becomes eligible for a subsequent restoration benefit, the amount payable for the subsequent restoration benefit is the lesser of the percentage amount payable and 100% minus the percentage of the restoration benefit amount received for all previous restoration benefits.

Time Period Without Advice or Treatment	% of Heart and Stroke Restoration Benefit Amount Payable
Less than 24 months	0%
24 months or more but less than 5 years	25%
5 years or more but less than 10 years	75%
More than 10 years	100%

3. Renewability

This policy is guaranteed renewable for life.

4. Morbidity

The morbidity assumptions for each of the heart conditions and procedures covered were developed using the following sources:

- Heart Attack: American Heart Association 2007 Heart and Stroke Statistical Update
- Major Organ Transplant: Milliman Research Reports on Organ and Tissue Transplant Costs and Discussion published in 2002, 2005, and 2006
- Stroke: American Heart Association 2007 Heart and Stroke Statistical Update
- Coronary Artery Bypass Surgery: American Heart Association 2007 Heart and Stroke Statistical Update
- Aortic Surgery: Adult Cardiac Surgery in New York State, 2002-2004
- Heart Valve Replacement / Repair: American Heart Association 2007 Heart and Stroke Statistical Update
- Angioplasty: American Heart Association 2007 Heart and Stroke Statistical Update
- Stent: American Heart Association 2010 Heart Disease and Stroke Statistical Update

Basic attained age claim costs were derived from the above sources and have been adjusted to reflect the first ever diagnosis or procedure under the policy, remove co-morbidities, take into account the effect of underwriting, and reflect Company experience. Claim costs were provided by Michelle Dyke, FSA, MAAA, Principal and Consulting Actuary of Milliman, Inc.

5. Mortality

Mortality used is 100% of the 2001 CSO Table, ALB.

6. Persistency

The assumed persistency rates are the complement of the lapse rates illustrated below.

Duration	Lapse
1	25.0%
2	15.0%
3	12.5%
4	10.0%
5	9.0%
6	9.0%
7+	8.0%

7. Expenses

- a) Acquisition expenses are assumed to be \$25 per policy subject to 2% annual inflation
- b) Maintenance expenses are assumed to be \$20 per policy subject to 2% annual inflation, 4.5% of premium, and 3.0% of claims
- c) Premium taxes are assumed to be 2.0% of premium

8. Premium Classes

Premiums will vary by rate class, issue age, and benefit amount. Premium rates are included in Attachment 1 - Heart and Stroke Premiums and Attachment 1 – Heart and Stroke Restoration Premiums.

9. Issue Age Range

The issue age range for the policyholder is 18 to 99.

10. Area Factors

There are no area factors for these forms. The rates will be the same throughout the state.

11. Average Annual Premium

The average annual premium is \$540.17. Premiums are calculated by multiplying the number of units purchased by the annual per \$1,000 benefit premium rates included in Attachment 1 - Heart and Stroke Premiums and Attachment 1 – Heart and Stroke Restoration Premiums.

12. Premium Modalization

	Credit Card	Direct Bill	List Bill	PAC
<i>Monthly</i>	0.0850	N/A	0.0900	0.0850
<i>Quarterly</i>	0.2650	0.2650	0.2650	0.2650
<i>Semi-Annual</i>	0.5200	0.5200	0.5200	0.5200
<i>Annual</i>	1.0000	1.0000	1.0000	1.0000

13. Claim Liability and Reserves

Claim reserves will be set using appropriate actuarial methodology. There are currently no claim reserves held since these are new forms.

14. Active Life Reserves

Active life reserves will be set using appropriate actuarial methodology. There are currently no active life reserves held since these are new forms.

15. Trend Assumptions

No trend has been assumed in this filing.

16. Minimum Loss Ratio

The minimum acceptable loss ratio is 55.0%.

17. Anticipated Loss Ratio

The anticipated loss ratio is expected to be 55.0%. This loss ratio equals the present value of benefits divided by the present value of annual premiums over a 40-year period, assuming a 3.24% discount rate. Durational loss ratios are included in Attachment 2 - Heart and Stroke Loss Ratios.

18. Actuarial Certification

I, Susan Hawthorne, am a member of the American Academy of Actuaries and I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

I believe this rate filing is in compliance with the applicable laws and rules of this state. This memorandum has been prepared in conformity with all applicable Actuarial Standards of Practice, including ASOP No. 8.

In my opinion, the rates included in the actuarial memorandum are not excessive, inadequate or unfairly discriminatory. They were developed using reasonable assumptions and in accordance with generally accepted actuarial principles. These rates are appropriate for the class of risks for which they are intended. This filing is in compliance with state law and regulation. The actuarial memorandum has been prepared for the sole purpose of demonstrating that the proposed rate schedule is reasonable and the memorandum may be not appropriate for other purposes.

Emerging experience should be carefully monitored relative to the assumptions and appropriate adjustments made to the premiums in a timely manner.

A handwritten signature in black ink that reads "Susan Hawthorne". The signature is written in a cursive style with a horizontal line underneath the name.

Susan Hawthorne, ASA, MAAA
Associate, Society of Actuaries
Member, American Academy of Actuaries
January 7, 2014

Loyal American Life Insurance Company
Attachment 1 - Heart and Stroke Premiums
Annual Premiums per \$1,000 Benefit
Form Series LY-LSH-BA

Issue Age	Individual	Couple	One-Parent	Family
18-29	8.24	13.53	8.82	14.12
30-34	8.24	13.53	8.82	14.12
35-39	8.24	13.53	8.82	14.12
40-44	11.18	18.82	11.76	19.41
45-49	14.71	25.29	15.29	25.88
50-54	18.82	32.94	19.41	33.53
55-59	24.12	42.35	24.71	42.94
60-64	31.18	54.71	31.76	55.29
65-69	39.41	69.41	40.00	70.00
70-74	50.00	88.24	50.59	88.82
75-79	61.18	108.24	61.76	108.82
80-84	71.76	126.47	72.35	127.06
85-89	81.18	142.94	81.76	143.53
90-94	89.41	157.65	90.00	158.24
95-99	96.47	170.00	97.06	170.59

Loyal American Life Insurance Company

Attachment 2 - Heart and Stroke Loss Ratios

Anticipated Durational Loss Ratios

Form Series LY-LSH-BA

Policy	Earned	Incurred	Durational
<u>Year</u>	<u>Premium</u>	<u>Claims</u>	<u>Loss Ratio</u>
1	1,000.00	304.09	30%
2	768.51	205.78	27%
3	644.57	402.62	62%
4	554.62	347.19	63%
5	488.85	309.79	63%
6	432.80	275.49	64%
7	385.03	252.05	65%
8	344.37	227.93	66%
9	307.04	204.96	67%
10	274.23	184.56	67%
11	244.66	166.05	68%
12	217.80	149.02	68%
13	193.87	133.66	69%
14	172.17	119.54	69%
15	152.78	106.83	70%
16	135.55	95.51	70%
17	120.10	85.19	71%
18	106.28	75.82	71%
19	93.77	67.21	72%
20	82.82	59.65	72%
21	73.04	52.95	72%
22	64.32	46.85	73%
23	56.57	41.35	73%
24	49.58	36.30	73%
25	43.52	31.95	73%
26	38.15	28.18	74%
27	33.40	24.75	74%
28	29.19	21.65	74%
29	25.39	18.78	74%
30	22.17	16.36	74%
31	19.32	14.29	74%
32	16.82	12.40	74%
33	14.62	10.68	73%
34	12.62	9.07	72%
35	10.97	7.72	70%
36	9.51	6.54	69%
37	8.23	5.46	66%
38	7.11	4.47	63%
39	6.10	3.56	58%
40	5.26	2.82	54%
Discounted at 3.24%	5,739.89	3,157.23	55.0%

Loyal American Life Insurance Company
Attachment 3 - Heart and Stroke Payroll Deduction Premiums
Annual Premiums per \$1,000 Benefit
Form Series LY-LSH-BA

	Individual	Couple	One-Parent	Family
Payroll Rate	12.94	22.35	13.53	22.94

Loyal American Life Insurance Company

Attachment 4 - Heart and Stroke Restoration Payroll Deduction Premiums

Annual Premiums per \$1,000 Benefit

Form Series LY-HR-RD: Lump Sum Heart and Stroke Restoration Rider

	Individual	Couple	One-Parent	Family
Payroll Rate	1.76	2.35	1.76	2.35

Loyal American Life Insurance Company

Actuarial Memorandum

Hospital and Intensive Care Unit Indemnity Benefit Rider Form Series LY-HICU-RD

1. Scope & Purpose

This Actuarial Memorandum describes the benefits provided in the Hospital and Intensive Care Unit Indemnity Benefit Rider Form Series LY-HICU-RD. This memorandum supports the rates being filed. This is a new rider form. This memorandum is not intended to be used for any other purpose.

2. Benefit Description

The rider provides a selected hospital indemnity benefit amount for each day that an insured person is confined to a Hospital as an inpatient. It will pay twice the selected hospital indemnity benefit amount for each day that an insured person is confined to the Intensive Care unit or Coronary Care unit as an inpatient. The confinement must be for at least 24 hours and benefits will not be payable for more than 30 days for any one period of confinement. The confinement must be due to injury, sickness, or complications from pregnancy. Daily hospital indemnity benefit amounts range from \$100 to \$1000 per day in \$100 increments. Benefits are reduced 50% for confinements which begin on or after an insured's 65th birthday.

3. Renewability

The renewability of the rider is based on the base policy to which it is attached.

4. Morbidity

The morbidity assumptions for the rider were developed using Milliman's 2010 *Health Cost Guidelines*TM.

5. Mortality

Mortality used is 100% of the 2001 CSO Table, ALB.

6. Persistency

The assumed persistency rates are the complement of the lapse rates illustrated below.

Duration	Lapse
1	25.0%
2	15.0%
3	12.5%
4	10.0%
5-6	9.0%
7+	8.0%

7. Expenses

- a) Maintenance expenses are assumed to be 4.5% of premium and 3.0% of claims
- b) Premium taxes are assumed to be 2.0% of premium

8. Premium Classes

Premiums will vary by rate class, issue age, and benefit amount. Premium rates are included in Attachment 1 – Hospital and Intensive Care Unit Indemnity Premiums.

Premiums for payroll policies will vary by rate class and benefit amount and are included in Attachment 2 – Hospital and Intensive Care Unit Indemnity Payroll Deduction Premiums.

9. Issue Age Range

The issue ages are based on the base policy to which this rider is attached and may range from 18 to 99.

10. Area Factors

There are no area factors for these forms. The rates will be the same throughout the state.

11. Average Annual Premium

The average annual premium is \$377.09. This is based on a daily benefit amount of \$300. Premiums are calculated by multiplying the number of units purchased by the annual per \$100 daily benefit premium rates included in Attachment 1 – Hospital and Intensive Care Unit Indemnity Premiums or Attachment 2 – Hospital and Intensive Care Unit Indemnity Payroll Deduction Premiums.

12. Premium Modalization

	Credit Card	Direct Bill	Payroll Deduction	PAC
<i>Monthly</i>	0.0850	N/A	0.0900	0.0850
<i>Quarterly</i>	0.2650	0.2650	0.2650	0.2650
<i>Semi-Annual</i>	0.5200	0.5200	0.5200	0.5200
<i>Annual</i>	1.0000	1.0000	1.0000	1.0000

13. Claim Liability and Reserves

Claim reserves will be set using appropriate actuarial methodology. There are currently no claim reserves held since these are new forms.

14. Active Life Reserves

Active life reserves will be set using appropriate actuarial methodology. There are currently no active life reserves held since these are new forms.

15. Trend Assumptions

No trend has been assumed in this filing.

16. Minimum Loss Ratio

The minimum acceptable loss ratio is 55.0%.

17. Anticipated Loss Ratio

The anticipated loss ratio is expected to be 55.0%. This loss ratio equals the present value of benefits divided by the present value of annual premiums over a 40-year period, assuming a 3.24% discount rate. Durational loss ratios are included in Attachment 3 - Hospital and Intensive Care Unit Indemnity Loss Ratios.

18. Actuarial Certification

I, Susan Buck Hawthorne, am a member of the American Academy of Actuaries and I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

I believe this rate filing is in compliance with the applicable laws and rules of this state. This memorandum has been prepared in conformity with all applicable Actuarial Standards of Practice, including ASOP No. 8.

In my opinion, the rates included in the actuarial memorandum are not excessive, inadequate or unfairly discriminatory. They were developed using reasonable assumptions and in accordance with generally accepted actuarial principles. These rates are appropriate for the class of risks for which they are intended. This filing is in compliance with state law and regulation. The actuarial memorandum has been prepared for the sole purpose of demonstrating that the proposed rate schedule is reasonable and the memorandum may be not appropriate for other purposes.

Emerging experience should be carefully monitored relative to the assumptions and appropriate adjustments made to the premiums in a timely manner.



Susan Buck Hawthorne, ASA, MAAA
Associate, Society of Actuaries
Member, American Academy of Actuaries
January 13, 2014

Loyal American Life Insurance Company

Attachment 1 - Hospital and Intensive Care Unit Indemnity Premiums

Annual Issue Age Premiums for \$100 per day Benefit

Form Series LY-HICU-RD: Hospital and Intensive Care Unit Indemnity Rider

Issue Age	Individual	Couple	One-Parent	Family
18-29	33.53	67.06	70.59	112.35
30-34	39.41	78.82	87.06	135.88
35-39	47.65	95.29	99.41	157.65
40-44	57.06	114.12	107.65	177.06
45-49	68.24	136.47	115.29	194.71
50-54	81.18	162.35	124.71	213.53
55-59	95.29	190.59	133.53	234.71
60-64	106.47	212.94	141.18	252.35
65-69	110.59	221.18	141.76	255.88
70-74	131.18	262.35	161.76	292.94
75-79	149.41	298.82	179.41	328.24
80-84	159.41	318.82	188.82	347.65
85-89	164.12	328.24	193.53	357.65
90-94	168.82	337.65	198.24	366.47
95-99	172.94	345.88	202.35	375.29

Loyal American Life Insurance Company

Attachment 3 - Hospital and Intensive Care Unit Indemnity Loss Ratios

Anticipated Durational Loss Ratios

Form Series LY-HICU-RD: Hospital and Intensive Care Unit Indemnity Rider

Policy <u>Year</u>	Earned <u>Premium</u>	Incurred <u>Claims</u>	Durational <u>Loss Ratio</u>
1	1,000.00	399.19	40%
2	780.10	354.43	45%
3	663.72	386.09	58%
4	581.05	332.33	57%
5	519.25	302.17	58%
6	446.15	262.09	59%
7	402.58	238.59	59%
8	365.34	217.86	60%
9	315.46	191.73	61%
10	285.79	173.13	61%
11	258.74	157.67	61%
12	221.73	136.98	62%
13	200.30	123.87	62%
14	180.80	113.09	63%
15	153.44	97.11	63%
16	138.11	87.54	63%
17	124.19	79.07	64%
18	111.57	71.37	64%
19	100.13	64.76	65%
20	89.78	58.04	65%
21	80.42	52.26	65%
22	71.96	46.88	65%
23	64.32	42.03	65%
24	57.43	38.09	66%
25	51.22	33.75	66%
26	45.63	30.19	66%
27	40.61	26.89	66%
28	36.10	23.91	66%
29	32.06	21.52	67%
30	28.43	18.87	66%
31	25.19	16.72	66%
32	22.29	14.74	66%
33	19.70	12.95	66%
34	17.40	11.55	66%
35	15.34	9.96	65%
36	13.52	8.69	64%
37	11.89	7.50	63%
38	10.45	6.45	62%
39	9.16	5.88	64%
40	8.03	4.81	60%
Discounted at 3.24%	5,956.82	3,276.21	55.0%

Loyal American Life Insurance Company

Attachment 2 - Hospital and Intensive Care Unit Indemnity Payroll Deduction Premiums

Annual Premiums for \$100 per day

Form Series LY-HICU-RD: Hospital and Intensive Care Unit Indemnity Premiums

	Individual	Couple	One-Parent	Family
Payroll Rate	62.94	125.29	111.76	185.88

Loyal American Life Insurance Company

Actuarial Memorandum Hospital Indemnity Benefit Rider Form Series LY-HI-RD

1. Scope & Purpose

This Actuarial Memorandum describes the benefits provided in the Hospital Indemnity Benefit Rider Form Series LY-HI-RD. This memorandum supports the rates being filed. This is a new rider form. This memorandum is not intended to be used for any other purpose.

2. Benefit Description

The rider provides a selected hospital indemnity benefit amount for each day that an insured person is confined to a Hospital as an inpatient, including confinement to the Intensive Care Unit or Coronary Care unit. The confinement must be for at least 24 hours and benefits will not be payable for more than 30 days for any one period of confinement. The confinement must be due to injury, sickness, or complications from pregnancy. Daily hospital indemnity benefit amounts range from \$100 to \$1000 per day in \$100 increments. Benefits are reduced 50% for confinements which begin on or after an insured's 65th birthday.

3. Renewability

The renewability of the rider is based on the base policy to which it is attached.

4. Morbidity

The morbidity assumptions for the rider were developed using Milliman's 2010 *Health Cost Guidelines™*.

5. Mortality

Mortality used is 100% of the 2001 CSO Table, ALB.

6. Persistency

The assumed persistency rates are the complement of the lapse rates illustrated below.

Duration	Lapse
1	25.0%
2	15.0%
3	12.5%
4	10.0%
5	9.0%
6	9.0%
7+	8.0%

7. Expenses

- a) Maintenance expenses are assumed to be 4.5% of premium and 3.0% of claims
- b) Premium taxes are assumed to be 2.0% of premium

8. Premium Classes

Premiums will vary by rate class, issue age, and benefit amount. Premium rates are included in Attachment 1 - Hospital Indemnity Premiums.

Premiums for payroll deduction policies will vary by rate class and benefit amount and are included in Attachment 2 - Hospital Indemnity Payroll Deduction Premiums.

9. Issue Age Range

The issue ages are based on the base policy to which this rider is attached and may range from 18 to 99.

10. Area Factors

There are no area factors for these forms. The rates will be the same throughout the state.

11. Average Annual Premium

The average annual premium is \$327.68. This is based on a daily benefit amount of \$300. Premiums are calculated by multiplying the number of units purchased by the annual per \$100 daily benefit premium rates included in Attachment 1 - Hospital Indemnity Premiums or Attachment 2 - Hospital Indemnity Payroll Deduction Premiums.

12. Premium Modalization

	Credit Card	Direct Bill	Payroll Deduction	PAC
<i>Monthly</i>	0.0850	N/A	0.0900	0.0850
<i>Quarterly</i>	0.2650	0.2650	0.2650	0.2650
<i>Semi-Annual</i>	0.5200	0.5200	0.5200	0.5200
<i>Annual</i>	1.0000	1.0000	1.0000	1.0000

13. Claim Liability and Reserves

Claim reserves will be set using appropriate actuarial methodology. There are currently no claim reserves held since these are new forms.

14. Active Life Reserves

Active life reserves will be set using appropriate actuarial methodology. There are currently no active life reserves held since these are new forms.

15. Trend Assumptions

No trend has been assumed in this filing.

16. Minimum Loss Ratio

The minimum acceptable loss ratio is 55.0%.

17. Anticipated Loss Ratio

The anticipated loss ratio is expected to be 55.0%. This loss ratio equals the present value of benefits divided by the present value of annual premiums over a 40-year period, assuming a 3.24% discount rate. Durational loss ratios are included in Attachment 3 - Hospital Indemnity Loss Ratios.

18. Actuarial Certification

I, Susan Buck Hawthorne, am a member of the American Academy of Actuaries and I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

I believe this rate filing is in compliance with the applicable laws and rules of this state. This memorandum has been prepared in conformity with all applicable Actuarial Standards of Practice, including ASOP No. 8.

In my opinion, the rates included in the actuarial memorandum are not excessive, inadequate or unfairly discriminatory. They were developed using reasonable assumptions and in accordance with generally accepted actuarial principles. These rates are appropriate for the class of risks for which they are intended. This filing is in compliance with state law and regulation. The actuarial memorandum has been prepared for the sole purpose of demonstrating that the proposed rate schedule is reasonable and the memorandum may be not appropriate for other purposes.

Emerging experience should be carefully monitored relative to the assumptions and appropriate adjustments made to the premiums in a timely manner.



Susan Buck Hawthorne, ASA, MAAA
Associate, Society of Actuaries
Member, American Academy of Actuaries
January 13, 2014

Loyal American Life Insurance Company
Attachment 1 - Hospital Indemnity Premiums
Annual Issue Age Premiums for \$100 per day Benefit
Form Series LY-HI-RD: Hospital Indemnity Rider

Issue Age	Individual	Couple	One-Parent	Family
18-29	28.82	57.65	61.18	96.47
30-34	34.12	68.24	75.29	117.06
35-39	41.18	82.35	85.88	136.47
40-44	48.82	97.65	93.53	152.94
45-49	58.82	117.65	100.00	168.82
50-54	70.59	141.18	108.24	185.88
55-59	82.94	165.88	116.47	204.71
60-64	93.53	187.06	124.12	221.18
65-69	97.65	195.29	124.71	225.29
70-74	115.88	231.76	142.94	259.41
75-79	132.94	265.88	158.82	291.18
80-84	141.76	283.53	167.06	308.82
85-89	146.47	292.94	171.76	317.65
90-94	150.59	301.18	175.29	325.88
95-99	154.12	308.24	179.41	332.94

Loyal American Life Insurance Company
Attachment 3 - Hospital Indemnity Loss Ratios
Anticipated Durational Loss Ratios
Form Series LY-HI-RD: Hospital Indemnity Rider

Policy	Earned	Incurred	Durational
<u>Year</u>	<u>Premium</u>	<u>Claims</u>	<u>Loss Ratio</u>
1	1,000.00	396.64	40%
2	779.95	352.33	45%
3	663.46	386.05	58%
4	580.70	332.78	57%
5	518.84	302.30	58%
6	445.74	262.20	59%
7	402.12	238.72	59%
8	364.84	217.96	60%
9	314.98	191.83	61%
10	285.28	173.19	61%
11	258.22	157.70	61%
12	221.23	137.01	62%
13	199.78	123.87	62%
14	180.28	113.08	63%
15	152.96	97.08	63%
16	137.63	87.50	64%
17	123.72	79.02	64%
18	111.11	71.31	64%
19	99.68	64.69	65%
20	89.35	57.96	65%
21	80.00	52.18	65%
22	71.56	46.79	65%
23	63.94	41.93	66%
24	57.06	37.99	67%
25	50.88	33.66	66%
26	45.31	30.10	66%
27	40.31	26.80	66%
28	35.82	23.83	67%
29	31.79	21.44	67%
30	28.19	18.79	67%
31	24.96	16.65	67%
32	22.08	14.66	66%
33	19.51	12.88	66%
34	17.22	11.48	67%
35	15.18	9.89	65%
36	13.37	8.63	65%
37	11.76	7.44	63%
38	10.33	6.40	62%
39	9.05	5.82	64%
40	7.93	4.76	60%
Discounted at 3.24%	5,948.95	3,271.87	55.0%

Loyal American Life Insurance Company
Attachment 2 - Hospital Indemnity Payroll Deduction Premiums
Annual Premiums for \$100 per day
Form Series LY-HI-RD: Hospital Indemnity Rider

	Individual	Couple	One-Parent	Family
Payroll Rate	54.12	107.65	97.06	161.18

Loyal American Life Insurance Company

Actuarial Memorandum

Intensive Care Unit Indemnity Benefit Rider Form Series LY-ICU-RD

1. Scope & Purpose

This Actuarial Memorandum describes the benefits provided in the Intensive Care Unit Benefit Rider Form Series LY-ICU-RD. This memorandum supports the rates being filed. This is a new rider form. This memorandum is not intended to be used for any other purpose.

2. Benefit Description

The rider provides a selected intensive care unit indemnity benefit amount for each day that an insured person is confined to the Intensive Care unit or Coronary Care unit as an inpatient. The confinement must be for at least 24 hours and benefits will not be payable for more than 30 days for any one period of confinement. The confinement must be due to injury, sickness, or complications from pregnancy. Daily intensive care unit indemnity benefit amounts range from \$100 to \$1000 per day in \$100 increments. Benefits are reduced 50% for confinements which begin on or after an insured's 65th birthday.

3. Renewability

The renewability of the rider is based on the base policy to which it is attached.

4. Morbidity

The morbidity assumptions for the rider were developed using Milliman's 2010 *Health Cost Guidelines™*.

5. Mortality

Mortality used is 100% of the 2001 CSO Table, ALB.

6. Persistency

The assumed persistency rates are the complement of the lapse rates illustrated below.

Duration	Lapse
1	25.0%
2	15.0%
3	12.5%
4	10.0%
5	9.0%
6	9.0%
7+	8.0%

7. Expenses

- a) Maintenance expenses are assumed to be 4.5% of premium and 3.0% of claims
- b) Premium taxes are assumed to be 2.0% of premium

8. Premium Classes

Premiums will vary by rate class, issue age, and benefit amount. Premium rates are included in Attachment 1 - Intensive Care Unit Indemnity Premiums.

Premiums for payroll deduction policies will vary by rate class and benefit amount and are included in Attachment 2 – Intensive Care Unit Indemnity Payroll Deduction Premiums.

9. Issue Age Range

The issue ages are based on the base policy to which this rider is attached and may range from 18 to 99.

10. Area Factors

There are no area factors for these forms. The rates will be the same throughout the state.

11. Average Annual Premium

The average annual premium is \$74.11. This is based on a daily benefit amount of \$300. Premiums are calculated by multiplying the number of units purchased by the annual per \$100 daily benefit premium rates included in Attachment 1 - Intensive Care Unit Indemnity Premiums or Attachment 2 – Intensive Care Unit Indemnity Payroll Deduction Premiums.

12. Premium Modalization

	Credit Card	Direct Bill	Payroll Deduction	PAC
<i>Monthly</i>	0.0850	N/A	0.0900	0.0850
<i>Quarterly</i>	0.2650	0.2650	0.2650	0.2650
<i>Semi-Annual</i>	0.5200	0.5200	0.5200	0.5200
<i>Annual</i>	1.0000	1.0000	1.0000	1.0000

13. Claim Liability and Reserves

Claim reserves will be set using appropriate actuarial methodology. There are currently no claim reserves held since these are new forms.

14. Active Life Reserves

Active life reserves will be set using appropriate actuarial methodology. There are currently no active life reserves held since these are new forms.

15. Trend Assumptions

No trend has been assumed in this filing.

16. Minimum Loss Ratio

The minimum acceptable loss ratio is 55.0%.

17. Anticipated Loss Ratio

The anticipated loss ratio is expected to be 55.0%. This loss ratio equals the present value of benefits divided by the present value of annual premiums over a 40-year period, assuming a 3.24% discount rate. Durational loss ratios are included in Attachment 3 - Intensive Care Unit Indemnity Loss Ratios.

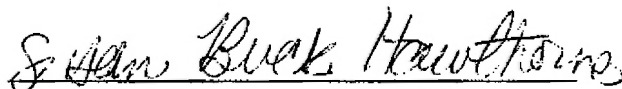
18. Actuarial Certification

I, Susan Buck Hawthorne, am a member of the American Academy of Actuaries and I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

I believe this rate filing is in compliance with the applicable laws and rules of this state. This memorandum has been prepared in conformity with all applicable Actuarial Standards of Practice, including ASOP No. 8.

In my opinion, the rates included in the actuarial memorandum are not excessive, inadequate or unfairly discriminatory. They were developed using reasonable assumptions and in accordance with generally accepted actuarial principles. These rates are appropriate for the class of risks for which they are intended. This filing is in compliance with state law and regulation. The actuarial memorandum has been prepared for the sole purpose of demonstrating that the proposed rate schedule is reasonable and the memorandum may be not appropriate for other purposes.

Emerging experience should be carefully monitored relative to the assumptions and appropriate adjustments made to the premiums in a timely manner.



Susan Buck Hawthorne, ASA, MAAA
Associate, Society of Actuaries
Member, American Academy of Actuaries
January 13, 2014

Loyal American Life Insurance Company
Attachment 1 - Intensive Care Unit Indemnity Premiums
Annual Issue Age Premiums for \$100 per day Benefit
Form Series LY-ICU-RD: Intensive Care Unit Rider

Issue Age	Individual	Couple	One-Parent	Family
18-29	7.65	15.29	15.29	24.12
30-34	8.82	17.65	18.24	28.82
35-39	10.00	20.00	20.59	32.94
40-44	11.76	23.53	22.35	36.47
45-49	14.12	28.24	23.53	39.41
50-54	15.88	31.76	24.71	42.35
55-59	18.24	36.47	25.88	45.29
60-64	19.41	38.82	26.47	47.06
65-69	19.41	38.82	25.88	45.88
70-74	22.35	44.71	28.82	51.18
75-79	25.29	50.59	31.18	55.88
80-84	26.47	52.94	32.35	58.82
85-89	27.65	55.29	32.94	60.00
90-94	28.24	56.47	34.12	61.76
95-99	28.82	57.65	34.71	62.94

Loyal American Life Insurance Company

Attachment 2 - Intensive Care Unit Indemnity Payroll Deduction Premiums

Annual Premiums for \$100 per day

Form Series LY-ICU-RD: Intensive Care Unit Indemnity Rider

	Individual	Couple	One-Parent	Family
Payroll Rate	15.29	30.00	24.71	42.35

Loyal American Life Insurance Company
Attachment 3 - Intensive Care Unit Indemnity Loss Ratios
Anticipated Durational Loss Ratios
Form Series LY-ICU-RD: Intensive Care Unit Rider

Policy	Earned	Incurred	Durational
<u>Year</u>	<u>Premium</u>	<u>Claims</u>	<u>Loss Ratio</u>
1	1,000.00	416.06	42%
2	781.12	368.36	47%
3	665.45	386.36	58%
4	583.33	329.31	56%
5	521.99	301.25	58%
6	448.89	261.33	58%
7	405.63	237.74	59%
8	368.65	220.48	60%
9	318.69	187.84	59%
10	289.18	172.72	60%
11	262.24	157.45	60%
12	225.08	136.82	61%
13	203.69	123.86	61%
14	184.20	113.21	61%
15	156.67	97.27	62%
16	141.30	87.81	62%
17	127.33	79.43	62%
18	114.64	71.82	63%
19	103.12	65.25	63%
20	92.67	58.59	63%
21	83.19	52.83	64%
22	74.61	47.48	64%
23	66.85	42.64	64%
24	59.83	38.69	65%
25	53.49	34.37	64%
26	47.77	30.79	64%
27	42.62	27.48	64%
28	37.98	24.49	64%
29	33.80	22.07	65%
30	30.05	19.40	65%
31	26.69	17.23	65%
32	23.68	15.22	64%
33	20.98	13.42	64%
34	18.56	11.99	65%
35	16.41	10.38	63%
36	14.49	9.09	63%
37	12.77	7.89	62%
38	11.24	6.83	61%
39	9.88	6.22	63%
40	8.68	5.15	59%
Discounted at 3.24%	6,009.06	3,304.99	55.0%

Loyal American Life Insurance Company

Attachment 2 - Intensive Care Unit Indemnity Payroll Deduction Premiums

Annual Premiums for \$100 per day

Form Series LY-ICU-RD: Intensive Care Unit Indemnity Rider

	Individual	Couple	One-Parent	Family
Payroll Rate	12.94	25.88	22.94	38.24

Loyal American Life Insurance Company

Actuarial Memorandum Lump Sum Cancer Rider Form Series LY-LSC-RD

1. Scope & Purpose

This Actuarial Memorandum describes the benefits provided in the Lump Sum Cancer Rider Form Series LY-LSC-RD. This memorandum supports the rates being filed. This is a new rider form. This memorandum is not intended to be used for any other purpose.

2. Benefit Description

The rider provides 100% of the selected benefit amount payable to the insured upon the first ever under the rider diagnosis of invasive cancer or carcinoma in situ.

If the insured is diagnosed within the first 30 days immediately following the effective date of the rider, the benefit amount will be reduced to be 10% of the selected benefit amount and coverage for that insured person will be terminated.

Benefit amounts will range from \$5,000 to \$100,000 in \$1,000 increments.

3. Renewability

The renewability of this rider is based on the base policy to which it is attached.

4. Morbidity

The morbidity assumptions for cancer and carcinoma in situ were developed using the following sources:

- Cancer: 2000-2003 SEER Cancer Statistics Review
- Carcinoma in Situ: 2000-2003 SEER Cancer Statistics Review, Regional SEER data, and other sources

Basic attained age claim costs were derived from the above sources and have been adjusted to reflect the first ever diagnosis under the rider, take into account the effect of underwriting, and reflect Company experience. Claim costs were provided by Michelle Dyke, FSA, MAAA, Principal and Consulting Actuary of Milliman, Inc.

5. Mortality

Mortality used is 100% of the 2001 CSO Table, ALB.

6. Persistence

The assumed persistency rates are the complement of the lapse rates illustrated below.

Duration	Lapse
1	25.0%
2	15.0%
3	12.5%
4	10.0%
5	9.0%
6	9.0%
7+	8.0%

7. Expenses

- a) Maintenance expenses are assumed to be 4.5% of premium and 3.0% of claims
- b) Premium taxes are assumed to be 2.0% of premium

8. Premium Classes

Premiums will vary by rate class, issue age, and benefit amount. Premium rates are included in Attachment 1 - Cancer Premiums.

9. Issue Age Range

The issue ages are based on the base policy to which this rider is attached and may range from 18 to 99.

10. Area Factors

There are no area factors for these rider forms. The rates will be the same throughout the state.

11. Average Annual Premium

The average annual premium is \$516.50. Premiums are calculated by multiplying the number of units purchased by the annual per \$1,000 benefit premium rates included in Attachment 1-Cancer Premiums.

12. Premium Modalization

	Credit Card	Direct Bill	List Bill	PAC
<i>Monthly</i>	0.0850	N/A	0.0900	0.0850
<i>Quarterly</i>	0.2650	0.2650	0.2650	0.2650
<i>Semi-Annual</i>	0.5200	0.5200	0.5200	0.5200
<i>Annual</i>	1.0000	1.0000	1.0000	1.0000

13. Claim Liability and Reserves

Claim reserves will be set using appropriate actuarial methodology. There are currently no claim reserves held since these are new rider forms.

14. Active Life Reserves

Active life reserves will be set using appropriate actuarial methodology. There are currently no active life reserves held since these are new rider forms.

15. Trend Assumptions

No trend has been assumed in this filing.

16. Minimum Loss Ratio

The minimum acceptable loss ratio is 55.0%.

17. Anticipated Loss Ratio

The anticipated loss ratio is expected to be 55.0%. This loss ratio equals the present value of benefits divided by the present value of annual premiums over a 40-year period, assuming a 3.24% discount rate. Durational loss ratios are included in Attachment 2 - Cancer Loss Ratios.

18. Actuarial Certification

I, Susan Hawthorne, am a member of the American Academy of Actuaries and I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

I believe this rate filing is in compliance with the applicable laws and rules of this state. This memorandum has been prepared in conformity with all applicable Actuarial Standards of Practice, including ASOP No. 8.

In my opinion, the rates included in the actuarial memorandum are not excessive, inadequate or unfairly discriminatory. They were developed using reasonable assumptions and in accordance with generally accepted actuarial principles. These rates are appropriate for the class of risks for which they are intended. This filing is in compliance with state law and regulation. The actuarial memorandum has been prepared for the sole purpose of demonstrating that the proposed rate schedule is reasonable and the memorandum may be not appropriate for other purposes.

Emerging experience should be carefully monitored relative to the assumptions and appropriate adjustments made to the premiums in a timely manner.



Susan Hawthorne, ASA, MAAA
Associate, Society of Actuaries
Member, American Academy of Actuaries
January 7, 2014

Loyal American Life Insurance Company
Attachment 1 - Cancer Premiums
Annual Premiums per \$1,000 Benefit
Form Series LY-LSC-RD: Lump Sum Cancer Rider

Issue Age	Individual	Couple	One-Parent	Family
18-29	8.82	14.71	10.00	16.47
30-34	8.82	14.71	10.00	16.47
35-39	8.82	14.71	10.00	16.47
40-44	11.18	19.41	12.94	21.18
45-49	14.71	25.88	15.88	27.06
50-54	19.41	33.53	20.00	35.29
55-59	24.71	43.53	25.88	44.71
60-64	31.18	54.71	31.76	55.88
65-69	37.65	65.88	38.24	67.06
70-74	42.94	75.29	43.53	75.88
75-79	44.12	77.65	44.71	78.24
80-84	45.29	79.41	45.88	80.00
85-89	45.88	81.18	46.47	81.76
90-94	47.65	84.12	48.24	84.71
95-99	51.18	90.00	51.76	91.18

Loyal American Life Insurance Company

Attachment 2 - Cancer Loss Ratios

Anticipated Durational Loss Ratios

Form Series LY-LSC-RD

Policy	Earned	Incurred	Durational
<u>Year</u>	<u>Premium</u>	<u>Claims</u>	<u>Loss Ratio</u>
1	1,000.00	359.27	36%
2	767.53	234.91	31%
3	643.12	386.34	60%
4	553.17	333.81	60%
5	486.29	297.23	61%
6	428.50	263.31	61%
7	379.99	239.58	63%
8	338.74	216.15	64%
9	300.55	193.72	64%
10	267.40	174.13	65%
11	237.63	156.39	66%
12	210.23	139.92	67%
13	186.36	125.37	67%
14	164.91	112.13	68%
15	145.34	99.99	69%
16	128.37	89.33	70%
17	113.24	79.71	70%
18	99.77	71.03	71%
19	87.71	63.14	72%
20	77.11	56.13	73%
21	67.71	49.86	74%
22	59.37	44.23	75%
23	51.99	39.16	75%
24	45.40	34.57	76%
25	39.68	30.52	77%
26	34.63	26.92	78%
27	30.18	23.69	79%
28	26.26	20.78	79%
29	22.76	18.12	80%
30	19.77	15.80	80%
31	17.14	13.77	80%
32	14.85	11.94	80%
33	12.84	10.31	80%
34	11.04	8.82	80%
35	9.53	7.53	79%
36	8.21	6.40	78%
37	7.07	5.40	76%
38	6.07	4.51	74%
39	5.17	3.71	72%
40	4.43	3.04	69%
Discounted at 3.24%	5,647.92	3,106.63	55.0%

Loyal American Life Insurance Company
Attachment 2 - Cancer Payroll Deduction Premiums
Annual Premiums per \$1,000 Benefit
Form Series LY-LSC-RD: Lump Sum Cancer Rider

	Individual	Couple	One-Parent	Family
Payroll Rate	12.94	22.94	14.71	24.12

Loyal American Life Insurance Company

Actuarial Memorandum Lump Sum Heart and Stroke Rider Form Series LY-LSH-RD

1. Scope & Purpose

This Actuarial Memorandum describes the benefits provided in the Lump Sum Heart Rider Form Series LY-LSH-RD. This memorandum supports the rates being filed. This is a new rider form. This memorandum is not intended to be used for any other purpose.

2. Benefit Description

The rider provides a scheduled benefit payable to the insured upon the first ever diagnosis or procedure under the rider for any of the following qualifying events. The maximum total percentage of the benefit amount payable is 100% of the selected benefit amount.

Qualifying Event	Percentage of Benefit Amount Payable
Heart Attack	100%
Heart Transplant – or combination transplant including heart	100%
Stroke	100%
Coronary Bypass Surgery	25%
Aortic Surgery	25%
Heart Valve Replacement / Repair	25%
Angioplasty	10%
Stent	10%

If an insured person receives a percentage of the benefit amount for one qualifying event in the chart above and then becomes eligible for benefits for another qualifying event, the benefit amount payable for the subsequent qualifying event is the lesser of the percentage amount payable or 100% minus the percentage of the benefit amount received for all previous qualifying events.

Benefit amounts will range from \$5,000 to \$100,000 in \$1,000 increments.

3. Renewability

The renewability of this rider is based on the base policy to which it is attached.

4. Morbidity

The morbidity assumptions for each of the heart conditions and procedures covered were developed using the following sources:

- Heart Attack: American Heart Association 2007 Heart and Stroke Statistical Update
- Major Organ Transplant: Milliman Research Reports on Organ and Tissue Transplant Costs and Discussion published in 2002, 2005, and 2006
- Stroke: American Heart Association 2007 Heart and Stroke Statistical Update
- Coronary Artery Bypass Surgery: American Heart Association 2007 Heart and Stroke Statistical Update
- Aortic Surgery: Adult Cardiac Surgery in New York State, 2002-2004
- Heart Valve Replacement / Repair: American Heart Association 2007 Heart and Stroke Statistical Update
- Angioplasty: American Heart Association 2007 Heart and Stroke Statistical Update
- Stent: American Heart Association 2010 Heart Disease and Stroke Statistical Update

Basic attained age claim costs were derived from the above sources and have been adjusted to reflect the first ever diagnosis or procedure under the rider, remove co-morbidities, take into account the effect of underwriting, and reflect Company experience. Claim costs were provided by Michelle Dyke, FSA, MAAA, Principal and Consulting Actuary of Milliman, Inc.

5. Mortality

Mortality used is 100% of the 2001 CSO Table, ALB.

6. Persistency

The assumed persistency rates are the complement of the lapse rates illustrated below.

Duration	Lapse
1	25.0%
2	15.0%
3	12.5%
4	10.0%
5	9.0%
6	9.0%
7+	8.0%

7. Expenses

- a) Maintenance expenses are assumed to be 4.5% of premium and 3.0% of claims
- b) Premium taxes are assumed to be 2.0% of premium

8. Premium Classes

Premiums will vary by rate class, issue age, and benefit amount. Premium rates are included in Attachment 1 - Heart and Stroke Premiums.

9. Issue Age Range

The issue ages are based on the base policy to which this rider is attached and may range from 18 to 99.

10. Area Factors

There are no area factors for these rider forms. The rates will be the same throughout the state.

11. Average Annual Premium

The average annual premium is \$521.34. Premiums are calculated by multiplying the number of units purchased by the annual per \$1,000 benefit premium rates included in Attachment 1 - Heart and Stroke Premiums.

12. Premium Modalization

	Credit Card	Direct Bill	List Bill	PAC
<i>Monthly</i>	0.0850	N/A	0.0900	0.0850
<i>Quarterly</i>	0.2650	0.2650	0.2650	0.2650
<i>Semi-Annual</i>	0.5200	0.5200	0.5200	0.5200
<i>Annual</i>	1.0000	1.0000	1.0000	1.0000

13. Claim Liability and Reserves

Claim reserves will be set using appropriate actuarial methodology. There are currently no claim reserves held since these are new rider forms.

14. Active Life Reserves

Active life reserves will be set using appropriate actuarial methodology. There are currently no active life reserves held since these are new rider forms.

15. Trend Assumptions

No trend has been assumed in this filing.

16. Minimum Loss Ratio

The minimum acceptable loss ratio is 55.0%.

17. Anticipated Loss Ratio

The anticipated loss ratio is expected to be 55.0%. This loss ratio equals the present value of benefits divided by the present value of annual premiums over a 40-year period, assuming a 3.24% discount rate. Durational loss ratios are included in Attachment 2 - Heart and Stroke Loss Ratios.

18. Actuarial Certification

I, Susan Hawthorne, am a member of the American Academy of Actuaries and I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

I believe this rate filing is in compliance with the applicable laws and rules of this state. This memorandum has been prepared in conformity with all applicable Actuarial Standards of Practice, including ASOP No. 8.

In my opinion, the rates included in the actuarial memorandum are not excessive, inadequate or unfairly discriminatory. They were developed using reasonable assumptions and in accordance with generally accepted actuarial principles. These rates are appropriate for the class of risks for which they are intended. This filing is in compliance with state law and regulation. The actuarial memorandum has been prepared for the sole purpose of demonstrating that the proposed rate schedule is reasonable and the memorandum may be not appropriate for other purposes.

Emerging experience should be carefully monitored relative to the assumptions and appropriate adjustments made to the premiums in a timely manner.



Susan Hawthorne, ASA, MAAA
Associate, Society of Actuaries
Member, American Academy of Actuaries
January 7, 2014

Loyal American Life Insurance Company

Attachment 1 - Heart and Stroke Premiums

Annual Premiums per \$1,000 Benefit

Form Series LY-LSH-RD: Lump Sum Heart and Stroke Rider

Issue Age	Individual	Couple	One-Parent	Family
18-29	8.24	13.53	8.82	14.12
30-34	8.24	13.53	8.82	14.12
35-39	8.24	13.53	8.82	14.12
40-44	11.18	18.82	11.76	19.41
45-49	14.71	25.29	15.29	25.88
50-54	18.82	32.94	19.41	33.53
55-59	24.12	42.35	24.71	42.94
60-64	31.18	54.71	31.76	55.29
65-69	39.41	69.41	40.00	70.00
70-74	50.00	88.24	50.59	88.82
75-79	61.18	108.24	61.76	108.82
80-84	71.76	126.47	72.35	127.06
85-89	81.18	142.94	81.76	143.53
90-94	89.41	157.65	90.00	158.24
95-99	96.47	170.00	97.06	170.59

Loyal American Life Insurance Company
Attachment 1 - Heart and Stroke Restoration Premiums
Annual Premiums per \$1,000 Benefit
Form Series LY-HR-RD: Lump Sum Heart and Stroke Restoration Rider

Issue Age	Individual	Couple	One-Parent	Family
18-29	0.82	1.35	0.88	1.41
30-34	0.82	1.35	0.88	1.41
35-39	0.82	1.35	0.88	1.41
40-44	1.12	1.88	1.18	1.94
45-49	1.47	2.59	1.53	2.65
50-54	1.88	3.29	1.94	3.35
55-59	2.41	4.24	2.47	4.29
60-64	3.12	5.47	3.18	5.53
65-69	4.00	7.00	4.06	7.06
70-74	4.00	7.00	4.06	7.06
75-79	4.00	7.00	4.06	7.06
80-84	4.00	7.00	4.06	7.06
85-89	4.00	7.00	4.06	7.06
90-94	4.00	7.00	4.06	7.06
95-99	4.00	7.00	4.06	7.06

Loyal American Life Insurance Company

Attachment 2 - Heart and Stroke Loss Ratios

Anticipated Durational Loss Ratios

Form Series LY-LSH-RD

Policy	Earned	Incurred	Durational
<u>Year</u>	<u>Premium</u>	<u>Claims</u>	<u>Loss Ratio</u>
1	1,000.00	315.83	32%
2	764.56	212.14	28%
3	638.38	398.90	62%
4	546.82	342.29	63%
5	479.65	303.75	63%
6	422.52	268.65	64%
7	373.99	244.29	65%
8	332.80	219.70	66%
9	295.26	196.53	67%
10	262.35	176.04	67%
11	232.84	157.56	68%
12	206.15	140.67	68%
13	182.53	125.55	69%
14	161.29	111.79	69%
15	142.33	99.44	70%
16	125.59	88.50	70%
17	110.66	78.60	71%
18	97.38	69.67	72%
19	85.50	61.57	72%
20	75.09	54.45	73%
21	65.85	48.16	73%
22	57.66	42.47	74%
23	50.43	37.38	74%
24	44.00	32.77	74%
25	38.40	28.78	75%
26	33.48	25.31	76%
27	29.14	22.17	76%
28	25.34	19.36	76%
29	21.96	16.80	77%
30	19.06	14.60	77%
31	16.52	12.72	77%
32	14.30	11.01	77%
33	12.36	9.47	77%
34	10.64	8.07	76%
35	9.19	6.86	75%
36	7.92	5.81	73%
37	6.81	4.85	71%
38	5.85	3.99	68%
39	5.00	3.21	64%
40	4.28	2.57	60%
Discounted at 3.24%	5,581.07	3,069.88	55.0%

Loyal American Life Insurance Company
Attachment 2 - Heart and Stroke Payroll Deduction Premiums
Annual Premiums per \$1,000 Benefit
Form Series LY-LSH-RD: Lump Sum Heart and Stroke Rider

	Individual	Couple	One-Parent	Family
Payroll Rate	12.94	22.35	13.53	22.94

State:	District of Columbia	Filing Company:	Loyal American Life Insurance Company
TOI/Sub-TOI:	H071 Individual Health - Specified Disease - Limited Benefit/H071.001 Critical Illness		
Product Name:	Loyal LSC/LSH		
Project Name/Number:	Loyal LSC/LSH/Loyal LSC/LSH		

Supporting Document Schedules

Satisfied - Item:	Cover Letter All Filings
Comments:	
Attachment(s):	Cover Letter -Forms - Arbitration.pdf
Item Status:	
Status Date:	

Bypassed - Item:	Certificate of Authority to File
Bypass Reason:	N/A
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	Actuarial Memorandum
Comments:	
Attachment(s):	Actuarial Memorandum - Intensive Care Unit Indemnity Rider.pdf Actuarial Memorandum - Cancer Base.pdf Actuarial Memorandum - Hospital and Intensive Care Unit Indemnity Rider.pdf Actuarial Memorandum - Hospital Indemnity Rider.pdf Actuarial Memorandum - Cancer Rider.pdf Actuarial Memorandum - Heart Base.pdf Actuarial Memorandum - Heart Rider.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Actuarial Justification
Comments:	Actuarial Memorandum is on rate tab and supporting documents tab.
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	District of Columbia and Countrywide Loss Ratio Analysis (P&C)
Bypass Reason:	n/a
Attachment(s):	
Item Status:	
Status Date:	

State:	District of Columbia	Filing Company:	Loyal American Life Insurance Company
TOI/Sub-TOI:	H071 Individual Health - Specified Disease - Limited Benefit/H071.001 Critical Illness		
Product Name:	Loyal LSC/LSH		
Project Name/Number:	Loyal LSC/LSH/Loyal LSC/LSH		

Bypassed - Item:	District of Columbia and Countrywide Experience for the Last 5 Years (P&C)
Bypass Reason:	n/a-new filing, no experience to provide.
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	Actuarial Memorandum and Certifications
Bypass Reason:	Part I Rate Review is not required.
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	Unified Rate Review Template
Bypass Reason:	Not a rate increase, new filing. Not a QHP.
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	Response Letter
Comments:	
Attachment(s):	Response to DC objection letter dated 2-11-2014.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Detailed make-up of Expense summary
Comments:	
Attachment(s):	Detailed Make-up of Expenses Summary.pdf
Item Status:	
Status Date:	



[P.O. Box 559004, Austin, TX 78755-9004]

[Toll Free: 866-459-4272]

Filing Description:

Re: Loyal American Life Insurance Company
NAIC # 65722 FEIN # 63-0343428

NEW POLICY FORMS DESCRIPTION

LY-LSH-BA-B-DC	Lump Sum Heart and Stroke Policy
LY-LSH-BA.SCH.PG-DC	Schedule Page
LY-HR-RD-DC	Heart & Stroke Restoration Benefit Rider- <u>Can only be sold with Heart Policy</u>
LY-LSH-RD-DC	Lump Sum Heart and Stroke Rider
LY-LSC-BA-B-DC	Lump Sum Cancer Policy
LY-LSC-BA.SCH.PG-DC	Schedule Page
LY-CR-RD	Cancer Recurrence Benefit Rider- <u>Can only be sold with Cancer Policy</u>
LY-LSC-RD-DC	Lump Sum Cancer Rider
LY-HICU-RD-DC	Hospital and Intensive Care Unit Indemnity Benefit Rider
LY-HI-RD-DC	Hospital Indemnity Benefit Rider
LY-ICU-RD-DC	Intensive Care Unit Indemnity Benefit Rider
LY-LSC-OC-B-DC	Lump Sum Cancer Outline of Coverage
LY-LSH-OC-B-DC	Lump Sum Heart Outline of Coverage
LY-LSCH-APP-B-DC	Lump Sum Cancer/Heart Application
ROP-D	Return of Premium Rider

Actuarial Memorandum Rates

The forms and rates described above are submitted for review and approval. These forms and rates are new and do not replace any forms or rates previously approved by your department.
The policy forms and riders described above will provide Lump Sum Cancer and Lump Sum Heart and Stroke coverage and benefits and will be sold through licensed agents.

These rates are new and do not replace any rates previously approved by your department. We currently do not have any D.C policyholders as this is a new filing. The proposed Effective Date will be date of approval from the DOI.

To be used with previously approved endorsement L-4465 approved on 3-7-1995.

**PLEASE NOTE THAT THIS POLICY INCLUDES A BINDING ARBITRATION PROVISION.
WE ARE UNCLEAR AS TO YOUR STATE'S REGULATORY POSITION ON THIS. IF THIS IS AN
UNACCEPTABLE PRACTICE, PLEASE ADVISE ON ACCEPTABLE ARBITRATION PROVISIONS.**

The documents were prepared on a personal computer and will ultimately be printed from another data processing system that may cause some print style and/or page spacing changes. However, there will not be any changes to the actual text of the contract other than listed or bracketed variables.

If there are any questions or comments, please call me at (800) 633-6752 extension 4945, or email me at Ashley.Heath@Cigna.com.

Sincerely,
Ashley Heath
Compliance Senior Associate
Loyal American Life Insurance Company

Loyal American Life Insurance Company

Actuarial Memorandum

Intensive Care Unit Indemnity Benefit Rider Form Series LY-ICU-RD

1. Scope & Purpose

This Actuarial Memorandum describes the benefits provided in the Intensive Care Unit Benefit Rider Form Series LY-ICU-RD. This memorandum supports the rates being filed. This is a new rider form. This memorandum is not intended to be used for any other purpose.

2. Benefit Description

The rider provides a selected intensive care unit indemnity benefit amount for each day that an insured person is confined to the Intensive Care unit or Coronary Care unit as an inpatient. The confinement must be for at least 24 hours and benefits will not be payable for more than 30 days for any one period of confinement. The confinement must be due to injury, sickness, or complications from pregnancy. Daily intensive care unit indemnity benefit amounts range from \$100 to \$1000 per day in \$100 increments. Benefits are reduced 50% for confinements which begin on or after an insured's 65th birthday.

3. Renewability

The renewability of the rider is based on the base policy to which it is attached.

4. Morbidity

The morbidity assumptions for the rider were developed using Milliman's 2010 *Health Cost Guidelines™*.

5. Mortality

Mortality used is 100% of the 2001 CSO Table, ALB.

6. Persistency

The assumed persistency rates are the complement of the lapse rates illustrated below.

Duration	Lapse
1	25.0%
2	15.0%
3	12.5%
4	10.0%
5	9.0%
6	9.0%
7+	8.0%

7. Expenses

- a) Maintenance expenses are assumed to be 4.5% of premium and 3.0% of claims
- b) Premium taxes are assumed to be 2.0% of premium

8. Premium Classes

Premiums will vary by rate class, issue age, and benefit amount. Premium rates are included in Attachment 1 - Intensive Care Unit Indemnity Premiums.

Premiums for payroll deduction policies will vary by rate class and benefit amount and are included in Attachment 2 – Intensive Care Unit Indemnity Payroll Deduction Premiums.

9. Issue Age Range

The issue ages are based on the base policy to which this rider is attached and may range from 18 to 99.

10. Area Factors

There are no area factors for these forms. The rates will be the same throughout the state.

11. Average Annual Premium

The average annual premium is \$74.11. This is based on a daily benefit amount of \$300. Premiums are calculated by multiplying the number of units purchased by the annual per \$100 daily benefit premium rates included in Attachment 1 - Intensive Care Unit Indemnity Premiums or Attachment 2 – Intensive Care Unit Indemnity Payroll Deduction Premiums.

12. Premium Modalization

	Credit Card	Direct Bill	Payroll Deduction	PAC
<i>Monthly</i>	0.0850	N/A	0.0900	0.0850
<i>Quarterly</i>	0.2650	0.2650	0.2650	0.2650
<i>Semi-Annual</i>	0.5200	0.5200	0.5200	0.5200
<i>Annual</i>	1.0000	1.0000	1.0000	1.0000

13. Claim Liability and Reserves

Claim reserves will be set using appropriate actuarial methodology. There are currently no claim reserves held since these are new forms.

14. Active Life Reserves

Active life reserves will be set using appropriate actuarial methodology. There are currently no active life reserves held since these are new forms.

15. Trend Assumptions

No trend has been assumed in this filing.

16. Minimum Loss Ratio

The minimum acceptable loss ratio is 55.0%.

17. Anticipated Loss Ratio

The anticipated loss ratio is expected to be 55.0%. This loss ratio equals the present value of benefits divided by the present value of annual premiums over a 40-year period, assuming a 3.24% discount rate. Durational loss ratios are included in Attachment 3 - Intensive Care Unit Indemnity Loss Ratios.

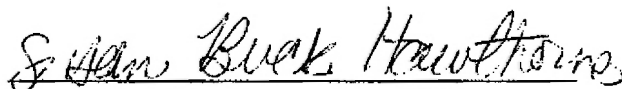
18. Actuarial Certification

I, Susan Buck Hawthorne, am a member of the American Academy of Actuaries and I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

I believe this rate filing is in compliance with the applicable laws and rules of this state. This memorandum has been prepared in conformity with all applicable Actuarial Standards of Practice, including ASOP No. 8.

In my opinion, the rates included in the actuarial memorandum are not excessive, inadequate or unfairly discriminatory. They were developed using reasonable assumptions and in accordance with generally accepted actuarial principles. These rates are appropriate for the class of risks for which they are intended. This filing is in compliance with state law and regulation. The actuarial memorandum has been prepared for the sole purpose of demonstrating that the proposed rate schedule is reasonable and the memorandum may be not appropriate for other purposes.

Emerging experience should be carefully monitored relative to the assumptions and appropriate adjustments made to the premiums in a timely manner.



Susan Buck Hawthorne, ASA, MAAA
Associate, Society of Actuaries
Member, American Academy of Actuaries
January 13, 2014

Loyal American Life Insurance Company

Actuarial Memorandum Lump Sum Cancer Policy Form Series LY-LSC-BA

1. Scope & Purpose

This Actuarial Memorandum describes the benefits provided in the Lump Sum Cancer Policy Form Series LY-LSC-BA. This memorandum supports the rates being filed. This is a new policy form. This memorandum is not intended to be used for any other purpose.

2. Benefit Description

The policy provides 100% of the selected benefit amount payable to the insured upon the first ever under the policy diagnosis of invasive cancer or carcinoma in situ.

If the insured is diagnosed within the first 30 days immediately following the effective date of the policy, the benefit amount will be reduced to be 10% of the selected benefit amount and coverage for that insured person will be terminated.

Benefit amounts will range from \$5,000 to \$100,000 in \$1,000 increments.

In addition to the base policy, an optional cancer recurrence benefit rider (form LY-CR-RD) is available. The rider benefit amount is the same as the base benefit amount. The rider pays a percentage of the benefit amount upon additional diagnoses of invasive cancer or carcinoma in situ as shown in the table below. The recurrence benefit applies when 100% of the original benefit has been paid and the insured person has not received advice or treatment for cancer for at least 24 consecutive months from the date of the last diagnosis under the policy and the rider. Up to an additional 100% of the benefit amount is payable under the recurrence benefit rider. If a percentage of the recurrence benefit amount is paid and the insured person then becomes eligible for a subsequent recurrence benefit, the amount payable for the subsequent recurrence benefit is the lesser of the percentage amount payable and 100% minus the percentage of the recurrence benefit amount received for all previous recurrence benefits.

Time Period Without Advice or Treatment	% of Cancer Recurrence Benefit Amount Payable
Less than 24 months	0%
24 months or more but less than 5 years	25%
5 years or more but less than 10 years	75%
More than 10 years	100%

3. Renewability

This policy is guaranteed renewable for life.

4. Morbidity

The morbidity assumptions for cancer and carcinoma in situ were developed using the following sources:

- Cancer: 2000-2003 SEER Cancer Statistics Review
- Carcinoma in Situ: 2000-2003 SEER Cancer Statistics Review, Regional SEER data, and other sources

Basic attained age claim costs were derived from the above sources and have been adjusted to reflect the first ever diagnosis under the policy, take into account the effect of underwriting, and reflect Company experience. Claim costs were provided by Michelle Dyke, FSA, MAAA, Principal and Consulting Actuary of Milliman, Inc.

5. Mortality

Mortality used is 100% of the 2001 CSO Table, ALB.

6. Persistency

The assumed persistency rates are the complement of the lapse rates illustrated below.

Duration	Lapse
1	25.0%
2	15.0%
3	12.5%
4	10.0%
5	9.0%
6	9.0%
7+	8.0%

7. Expenses

- a) Acquisition expenses are assumed to be \$25 per policy subject to 2% annual inflation
- b) Maintenance expenses are assumed to be \$20 per policy subject to 2% annual inflation, 4.5% of premium, and 3.0% of claims
- c) Premium taxes are assumed to be 2.0% of premium

8. Premium Classes

Premiums will vary by rate class, issue age, and benefit amount. Premium rates for the base and optional recurrence rider are included in Attachment 1 - Cancer Premiums and Attachment 1 - Cancer Recurrence Premiums.

9. Issue Age Range

The issue age range for the policyholder is 18 to 99.

10. Area Factors

There are no area factors for these forms. The rates will be the same throughout the state.

11. Average Annual Premium

The average annual premium is \$531.02. Premiums are calculated by multiplying the number of units purchased by the annual per \$1,000 benefit premium rates included in Attachment 1 - Cancer Premiums and Attachment 1 – Cancer Recurrence Premiums.

12. Premium Modalization

	Credit Card	Direct Bill	List Bill	PAC
<i>Monthly</i>	0.0850	N/A	0.0900	0.0850
<i>Quarterly</i>	0.2650	0.2650	0.2650	0.2650
<i>Semi-Annual</i>	0.5200	0.5200	0.5200	0.5200
<i>Annual</i>	1.0000	1.0000	1.0000	1.0000

13. Claim Liability and Reserves

Claim reserves will be set using appropriate actuarial methodology. There are currently no claim reserves held since these are new forms.

14. Active Life Reserves

Active life reserves will be set using appropriate actuarial methodology. There are currently no active life reserves held since these are new forms.

15. Trend Assumptions

No trend has been assumed in this filing.

16. Minimum Loss Ratio

The minimum acceptable loss ratio is 55.0%.

17. Anticipated Loss Ratio

The anticipated loss ratio is expected to be 55.0%. This loss ratio equals the present value of benefits divided by the present value of annual premiums over a 40-year period, assuming a 3.24% discount rate. Durational loss ratios are included in Attachment 2 - Cancer Loss Ratios.

18. Actuarial Certification

I, Susan Hawthorne, am a member of the American Academy of Actuaries and I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

I believe this rate filing is in compliance with the applicable laws and rules of this state. This memorandum has been prepared in conformity with all applicable Actuarial Standards of Practice, including ASOP No. 8.

In my opinion, the rates included in the actuarial memorandum are not excessive, inadequate or unfairly discriminatory. They were developed using reasonable assumptions and in accordance with generally accepted actuarial principles. These rates are appropriate for the class of risks for which they are intended. This filing is in compliance with state law and regulation. The actuarial memorandum has been prepared for the sole purpose of demonstrating that the proposed rate schedule is reasonable and the memorandum may be not appropriate for other purposes.

Emerging experience should be carefully monitored relative to the assumptions and appropriate adjustments made to the premiums in a timely manner.

A handwritten signature in cursive script that reads "Susan Hawthorne".

Susan Hawthorne, ASA, MAAA
Associate, Society of Actuaries
Member, American Academy of Actuaries
January 7, 2014

Loyal American Life Insurance Company

Actuarial Memorandum

Hospital and Intensive Care Unit Indemnity Benefit Rider Form Series LY-HICU-RD

1. Scope & Purpose

This Actuarial Memorandum describes the benefits provided in the Hospital and Intensive Care Unit Indemnity Benefit Rider Form Series LY-HICU-RD. This memorandum supports the rates being filed. This is a new rider form. This memorandum is not intended to be used for any other purpose.

2. Benefit Description

The rider provides a selected hospital indemnity benefit amount for each day that an insured person is confined to a Hospital as an inpatient. It will pay twice the selected hospital indemnity benefit amount for each day that an insured person is confined to the Intensive Care unit or Coronary Care unit as an inpatient. The confinement must be for at least 24 hours and benefits will not be payable for more than 30 days for any one period of confinement. The confinement must be due to injury, sickness, or complications from pregnancy. Daily hospital indemnity benefit amounts range from \$100 to \$1000 per day in \$100 increments. Benefits are reduced 50% for confinements which begin on or after an insured's 65th birthday.

3. Renewability

The renewability of the rider is based on the base policy to which it is attached.

4. Morbidity

The morbidity assumptions for the rider were developed using Milliman's 2010 *Health Cost Guidelines*TM.

5. Mortality

Mortality used is 100% of the 2001 CSO Table, ALB.

6. Persistency

The assumed persistency rates are the complement of the lapse rates illustrated below.

Duration	Lapse
1	25.0%
2	15.0%
3	12.5%
4	10.0%
5-6	9.0%
7+	8.0%

7. Expenses

- a) Maintenance expenses are assumed to be 4.5% of premium and 3.0% of claims
- b) Premium taxes are assumed to be 2.0% of premium

8. Premium Classes

Premiums will vary by rate class, issue age, and benefit amount. Premium rates are included in Attachment 1 – Hospital and Intensive Care Unit Indemnity Premiums.

Premiums for payroll policies will vary by rate class and benefit amount and are included in Attachment 2 – Hospital and Intensive Care Unit Indemnity Payroll Deduction Premiums.

9. Issue Age Range

The issue ages are based on the base policy to which this rider is attached and may range from 18 to 99.

10. Area Factors

There are no area factors for these forms. The rates will be the same throughout the state.

11. Average Annual Premium

The average annual premium is \$377.09. This is based on a daily benefit amount of \$300. Premiums are calculated by multiplying the number of units purchased by the annual per \$100 daily benefit premium rates included in Attachment 1 – Hospital and Intensive Care Unit Indemnity Premiums or Attachment 2 – Hospital and Intensive Care Unit Indemnity Payroll Deduction Premiums.

12. Premium Modalization

	Credit Card	Direct Bill	Payroll Deduction	PAC
<i>Monthly</i>	0.0850	N/A	0.0900	0.0850
<i>Quarterly</i>	0.2650	0.2650	0.2650	0.2650
<i>Semi-Annual</i>	0.5200	0.5200	0.5200	0.5200
<i>Annual</i>	1.0000	1.0000	1.0000	1.0000

13. Claim Liability and Reserves

Claim reserves will be set using appropriate actuarial methodology. There are currently no claim reserves held since these are new forms.

14. Active Life Reserves

Active life reserves will be set using appropriate actuarial methodology. There are currently no active life reserves held since these are new forms.

15. Trend Assumptions

No trend has been assumed in this filing.

16. Minimum Loss Ratio

The minimum acceptable loss ratio is 55.0%.

17. Anticipated Loss Ratio

The anticipated loss ratio is expected to be 55.0%. This loss ratio equals the present value of benefits divided by the present value of annual premiums over a 40-year period, assuming a 3.24% discount rate. Durational loss ratios are included in Attachment 3 - Hospital and Intensive Care Unit Indemnity Loss Ratios.

18. Actuarial Certification

I, Susan Buck Hawthorne, am a member of the American Academy of Actuaries and I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

I believe this rate filing is in compliance with the applicable laws and rules of this state. This memorandum has been prepared in conformity with all applicable Actuarial Standards of Practice, including ASOP No. 8.

In my opinion, the rates included in the actuarial memorandum are not excessive, inadequate or unfairly discriminatory. They were developed using reasonable assumptions and in accordance with generally accepted actuarial principles. These rates are appropriate for the class of risks for which they are intended. This filing is in compliance with state law and regulation. The actuarial memorandum has been prepared for the sole purpose of demonstrating that the proposed rate schedule is reasonable and the memorandum may be not appropriate for other purposes.

Emerging experience should be carefully monitored relative to the assumptions and appropriate adjustments made to the premiums in a timely manner.



Susan Buck Hawthorne, ASA, MAAA
Associate, Society of Actuaries
Member, American Academy of Actuaries
January 13, 2014

Loyal American Life Insurance Company

Actuarial Memorandum Hospital Indemnity Benefit Rider Form Series LY-HI-RD

1. Scope & Purpose

This Actuarial Memorandum describes the benefits provided in the Hospital Indemnity Benefit Rider Form Series LY-HI-RD. This memorandum supports the rates being filed. This is a new rider form. This memorandum is not intended to be used for any other purpose.

2. Benefit Description

The rider provides a selected hospital indemnity benefit amount for each day that an insured person is confined to a Hospital as an inpatient, including confinement to the Intensive Care Unit or Coronary Care unit. The confinement must be for at least 24 hours and benefits will not be payable for more than 30 days for any one period of confinement. The confinement must be due to injury, sickness, or complications from pregnancy. Daily hospital indemnity benefit amounts range from \$100 to \$1000 per day in \$100 increments. Benefits are reduced 50% for confinements which begin on or after an insured's 65th birthday.

3. Renewability

The renewability of the rider is based on the base policy to which it is attached.

4. Morbidity

The morbidity assumptions for the rider were developed using Milliman's 2010 *Health Cost Guidelines™*.

5. Mortality

Mortality used is 100% of the 2001 CSO Table, ALB.

6. Persistency

The assumed persistency rates are the complement of the lapse rates illustrated below.

Duration	Lapse
1	25.0%
2	15.0%
3	12.5%
4	10.0%
5	9.0%
6	9.0%
7+	8.0%

7. Expenses

- a) Maintenance expenses are assumed to be 4.5% of premium and 3.0% of claims
- b) Premium taxes are assumed to be 2.0% of premium

8. Premium Classes

Premiums will vary by rate class, issue age, and benefit amount. Premium rates are included in Attachment 1 - Hospital Indemnity Premiums.

Premiums for payroll deduction policies will vary by rate class and benefit amount and are included in Attachment 2 - Hospital Indemnity Payroll Deduction Premiums.

9. Issue Age Range

The issue ages are based on the base policy to which this rider is attached and may range from 18 to 99.

10. Area Factors

There are no area factors for these forms. The rates will be the same throughout the state.

11. Average Annual Premium

The average annual premium is \$327.68. This is based on a daily benefit amount of \$300. Premiums are calculated by multiplying the number of units purchased by the annual per \$100 daily benefit premium rates included in Attachment 1 - Hospital Indemnity Premiums or Attachment 2 - Hospital Indemnity Payroll Deduction Premiums.

12. Premium Modalization

	Credit Card	Direct Bill	Payroll Deduction	PAC
<i>Monthly</i>	0.0850	N/A	0.0900	0.0850
<i>Quarterly</i>	0.2650	0.2650	0.2650	0.2650
<i>Semi-Annual</i>	0.5200	0.5200	0.5200	0.5200
<i>Annual</i>	1.0000	1.0000	1.0000	1.0000

13. Claim Liability and Reserves

Claim reserves will be set using appropriate actuarial methodology. There are currently no claim reserves held since these are new forms.

14. Active Life Reserves

Active life reserves will be set using appropriate actuarial methodology. There are currently no active life reserves held since these are new forms.

15. Trend Assumptions

No trend has been assumed in this filing.

16. Minimum Loss Ratio

The minimum acceptable loss ratio is 55.0%.

17. Anticipated Loss Ratio

The anticipated loss ratio is expected to be 55.0%. This loss ratio equals the present value of benefits divided by the present value of annual premiums over a 40-year period, assuming a 3.24% discount rate. Durational loss ratios are included in Attachment 3 - Hospital Indemnity Loss Ratios.

18. Actuarial Certification

I, Susan Buck Hawthorne, am a member of the American Academy of Actuaries and I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

I believe this rate filing is in compliance with the applicable laws and rules of this state. This memorandum has been prepared in conformity with all applicable Actuarial Standards of Practice, including ASOP No. 8.

In my opinion, the rates included in the actuarial memorandum are not excessive, inadequate or unfairly discriminatory. They were developed using reasonable assumptions and in accordance with generally accepted actuarial principles. These rates are appropriate for the class of risks for which they are intended. This filing is in compliance with state law and regulation. The actuarial memorandum has been prepared for the sole purpose of demonstrating that the proposed rate schedule is reasonable and the memorandum may be not appropriate for other purposes.

Emerging experience should be carefully monitored relative to the assumptions and appropriate adjustments made to the premiums in a timely manner.



Susan Buck Hawthorne, ASA, MAAA
Associate, Society of Actuaries
Member, American Academy of Actuaries
January 13, 2014

Loyal American Life Insurance Company

Actuarial Memorandum Lump Sum Cancer Rider Form Series LY-LSC-RD

1. Scope & Purpose

This Actuarial Memorandum describes the benefits provided in the Lump Sum Cancer Rider Form Series LY-LSC-RD. This memorandum supports the rates being filed. This is a new rider form. This memorandum is not intended to be used for any other purpose.

2. Benefit Description

The rider provides 100% of the selected benefit amount payable to the insured upon the first ever under the rider diagnosis of invasive cancer or carcinoma in situ.

If the insured is diagnosed within the first 30 days immediately following the effective date of the rider, the benefit amount will be reduced to be 10% of the selected benefit amount and coverage for that insured person will be terminated.

Benefit amounts will range from \$5,000 to \$100,000 in \$1,000 increments.

3. Renewability

The renewability of this rider is based on the base policy to which it is attached.

4. Morbidity

The morbidity assumptions for cancer and carcinoma in situ were developed using the following sources:

- Cancer: 2000-2003 SEER Cancer Statistics Review
- Carcinoma in Situ: 2000-2003 SEER Cancer Statistics Review, Regional SEER data, and other sources

Basic attained age claim costs were derived from the above sources and have been adjusted to reflect the first ever diagnosis under the rider, take into account the effect of underwriting, and reflect Company experience. Claim costs were provided by Michelle Dyke, FSA, MAAA, Principal and Consulting Actuary of Milliman, Inc.

5. Mortality

Mortality used is 100% of the 2001 CSO Table, ALB.

6. Persistence

The assumed persistency rates are the complement of the lapse rates illustrated below.

Duration	Lapse
1	25.0%
2	15.0%
3	12.5%
4	10.0%
5	9.0%
6	9.0%
7+	8.0%

7. Expenses

- a) Maintenance expenses are assumed to be 4.5% of premium and 3.0% of claims
- b) Premium taxes are assumed to be 2.0% of premium

8. Premium Classes

Premiums will vary by rate class, issue age, and benefit amount. Premium rates are included in Attachment 1 - Cancer Premiums.

9. Issue Age Range

The issue ages are based on the base policy to which this rider is attached and may range from 18 to 99.

10. Area Factors

There are no area factors for these rider forms. The rates will be the same throughout the state.

11. Average Annual Premium

The average annual premium is \$516.50. Premiums are calculated by multiplying the number of units purchased by the annual per \$1,000 benefit premium rates included in Attachment 1-Cancer Premiums.

12. Premium Modalization

	Credit Card	Direct Bill	List Bill	PAC
<i>Monthly</i>	0.0850	N/A	0.0900	0.0850
<i>Quarterly</i>	0.2650	0.2650	0.2650	0.2650
<i>Semi-Annual</i>	0.5200	0.5200	0.5200	0.5200
<i>Annual</i>	1.0000	1.0000	1.0000	1.0000

13. Claim Liability and Reserves

Claim reserves will be set using appropriate actuarial methodology. There are currently no claim reserves held since these are new rider forms.

14. Active Life Reserves

Active life reserves will be set using appropriate actuarial methodology. There are currently no active life reserves held since these are new rider forms.

15. Trend Assumptions

No trend has been assumed in this filing.

16. Minimum Loss Ratio

The minimum acceptable loss ratio is 55.0%.

17. Anticipated Loss Ratio

The anticipated loss ratio is expected to be 55.0%. This loss ratio equals the present value of benefits divided by the present value of annual premiums over a 40-year period, assuming a 3.24% discount rate. Durational loss ratios are included in Attachment 2 - Cancer Loss Ratios.

18. Actuarial Certification

I, Susan Hawthorne, am a member of the American Academy of Actuaries and I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

I believe this rate filing is in compliance with the applicable laws and rules of this state. This memorandum has been prepared in conformity with all applicable Actuarial Standards of Practice, including ASOP No. 8.

In my opinion, the rates included in the actuarial memorandum are not excessive, inadequate or unfairly discriminatory. They were developed using reasonable assumptions and in accordance with generally accepted actuarial principles. These rates are appropriate for the class of risks for which they are intended. This filing is in compliance with state law and regulation. The actuarial memorandum has been prepared for the sole purpose of demonstrating that the proposed rate schedule is reasonable and the memorandum may be not appropriate for other purposes.

Emerging experience should be carefully monitored relative to the assumptions and appropriate adjustments made to the premiums in a timely manner.



Susan Hawthorne, ASA, MAAA
Associate, Society of Actuaries
Member, American Academy of Actuaries
January 7, 2014

Loyal American Life Insurance Company

Actuarial Memorandum Lump Sum Heart and Stroke Policy Form Series LY-LSH-BA

1. Scope & Purpose

This Actuarial Memorandum describes the benefits provided in the Lump Sum Heart and Stroke Policy Form Series LY-LSH-BA. This memorandum supports the rates being filed. This is a new policy form. This memorandum is not intended to be used for any other purpose.

2. Benefit Description

The policy provides a scheduled benefit payable to the insured upon the first ever diagnosis or procedure under the policy for any of the following qualifying events. The maximum total percentage of the benefit amount payable is 100% of the selected benefit amount.

Qualifying Event	Percentage of Benefit Amount Payable
Heart Attack	100%
Heart Transplant – or combination transplant including heart	100%
Stroke	100%
Coronary Bypass Surgery	25%
Aortic Surgery	25%
Heart Valve Replacement / Repair	25%
Angioplasty	10%
Stent	10%

If an insured person receives a percentage of the benefit amount for one qualifying event in the chart above and then becomes eligible for benefits for another qualifying event, the benefit amount payable for the subsequent qualifying event is the lesser of the percentage amount payable or 100% minus the percentage of the benefit amount received for all previous qualifying events.

Benefit amounts will range from \$5,000 to \$100,000 in \$1,000 increments.

In addition to the base policy, an optional heart and stroke restoration benefit rider (form LY-HR-RD) is available. The rider benefit amount is the same as the base benefit amount. The rider pays a percentage of the benefit amount upon an additional diagnosis or procedure of heart attack, heart transplant, or stroke as shown in the table below. The restoration benefit applies when 100% of the original benefit has been paid and the insured person has not received advice or treatment from a physician for these specific qualifying events for at least 24 months from the date of the last diagnosis or qualifying event under the policy and the rider. Up to an additional 100% of the benefit amount is payable under the restoration benefit rider. If a percentage of the restoration benefit amount is paid and the insured person then

becomes eligible for a subsequent restoration benefit, the amount payable for the subsequent restoration benefit is the lesser of the percentage amount payable and 100% minus the percentage of the restoration benefit amount received for all previous restoration benefits.

Time Period Without Advice or Treatment	% of Heart and Stroke Restoration Benefit Amount Payable
Less than 24 months	0%
24 months or more but less than 5 years	25%
5 years or more but less than 10 years	75%
More than 10 years	100%

3. Renewability

This policy is guaranteed renewable for life.

4. Morbidity

The morbidity assumptions for each of the heart conditions and procedures covered were developed using the following sources:

- Heart Attack: American Heart Association 2007 Heart and Stroke Statistical Update
- Major Organ Transplant: Milliman Research Reports on Organ and Tissue Transplant Costs and Discussion published in 2002, 2005, and 2006
- Stroke: American Heart Association 2007 Heart and Stroke Statistical Update
- Coronary Artery Bypass Surgery: American Heart Association 2007 Heart and Stroke Statistical Update
- Aortic Surgery: Adult Cardiac Surgery in New York State, 2002-2004
- Heart Valve Replacement / Repair: American Heart Association 2007 Heart and Stroke Statistical Update
- Angioplasty: American Heart Association 2007 Heart and Stroke Statistical Update
- Stent: American Heart Association 2010 Heart Disease and Stroke Statistical Update

Basic attained age claim costs were derived from the above sources and have been adjusted to reflect the first ever diagnosis or procedure under the policy, remove co-morbidities, take into account the effect of underwriting, and reflect Company experience. Claim costs were provided by Michelle Dyke, FSA, MAAA, Principal and Consulting Actuary of Milliman, Inc.

5. Mortality

Mortality used is 100% of the 2001 CSO Table, ALB.

6. Persistency

The assumed persistency rates are the complement of the lapse rates illustrated below.

Duration	Lapse
1	25.0%
2	15.0%
3	12.5%
4	10.0%
5	9.0%
6	9.0%
7+	8.0%

7. Expenses

- a) Acquisition expenses are assumed to be \$25 per policy subject to 2% annual inflation
- b) Maintenance expenses are assumed to be \$20 per policy subject to 2% annual inflation, 4.5% of premium, and 3.0% of claims
- c) Premium taxes are assumed to be 2.0% of premium

8. Premium Classes

Premiums will vary by rate class, issue age, and benefit amount. Premium rates are included in Attachment 1 - Heart and Stroke Premiums and Attachment 1 – Heart and Stroke Restoration Premiums.

9. Issue Age Range

The issue age range for the policyholder is 18 to 99.

10. Area Factors

There are no area factors for these forms. The rates will be the same throughout the state.

11. Average Annual Premium

The average annual premium is \$540.17. Premiums are calculated by multiplying the number of units purchased by the annual per \$1,000 benefit premium rates included in Attachment 1 - Heart and Stroke Premiums and Attachment 1 – Heart and Stroke Restoration Premiums.

12. Premium Modalization

	Credit Card	Direct Bill	List Bill	PAC
<i>Monthly</i>	0.0850	N/A	0.0900	0.0850
<i>Quarterly</i>	0.2650	0.2650	0.2650	0.2650
<i>Semi-Annual</i>	0.5200	0.5200	0.5200	0.5200
<i>Annual</i>	1.0000	1.0000	1.0000	1.0000

13. Claim Liability and Reserves

Claim reserves will be set using appropriate actuarial methodology. There are currently no claim reserves held since these are new forms.

14. Active Life Reserves

Active life reserves will be set using appropriate actuarial methodology. There are currently no active life reserves held since these are new forms.

15. Trend Assumptions

No trend has been assumed in this filing.

16. Minimum Loss Ratio

The minimum acceptable loss ratio is 55.0%.

17. Anticipated Loss Ratio

The anticipated loss ratio is expected to be 55.0%. This loss ratio equals the present value of benefits divided by the present value of annual premiums over a 40-year period, assuming a 3.24% discount rate. Durational loss ratios are included in Attachment 2 - Heart and Stroke Loss Ratios.

18. Actuarial Certification

I, Susan Hawthorne, am a member of the American Academy of Actuaries and I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

I believe this rate filing is in compliance with the applicable laws and rules of this state. This memorandum has been prepared in conformity with all applicable Actuarial Standards of Practice, including ASOP No. 8.

In my opinion, the rates included in the actuarial memorandum are not excessive, inadequate or unfairly discriminatory. They were developed using reasonable assumptions and in accordance with generally accepted actuarial principles. These rates are appropriate for the class of risks for which they are intended. This filing is in compliance with state law and regulation. The actuarial memorandum has been prepared for the sole purpose of demonstrating that the proposed rate schedule is reasonable and the memorandum may be not appropriate for other purposes.

Emerging experience should be carefully monitored relative to the assumptions and appropriate adjustments made to the premiums in a timely manner.

A handwritten signature in black ink that reads "Susan Hawthorne". The signature is written in a cursive style with a horizontal line underneath the name.

Susan Hawthorne, ASA, MAAA
Associate, Society of Actuaries
Member, American Academy of Actuaries
January 7, 2014

Loyal American Life Insurance Company

Actuarial Memorandum Lump Sum Heart and Stroke Rider Form Series LY-LSH-RD

1. Scope & Purpose

This Actuarial Memorandum describes the benefits provided in the Lump Sum Heart Rider Form Series LY-LSH-RD. This memorandum supports the rates being filed. This is a new rider form. This memorandum is not intended to be used for any other purpose.

2. Benefit Description

The rider provides a scheduled benefit payable to the insured upon the first ever diagnosis or procedure under the rider for any of the following qualifying events. The maximum total percentage of the benefit amount payable is 100% of the selected benefit amount.

Qualifying Event	Percentage of Benefit Amount Payable
Heart Attack	100%
Heart Transplant – or combination transplant including heart	100%
Stroke	100%
Coronary Bypass Surgery	25%
Aortic Surgery	25%
Heart Valve Replacement / Repair	25%
Angioplasty	10%
Stent	10%

If an insured person receives a percentage of the benefit amount for one qualifying event in the chart above and then becomes eligible for benefits for another qualifying event, the benefit amount payable for the subsequent qualifying event is the lesser of the percentage amount payable or 100% minus the percentage of the benefit amount received for all previous qualifying events.

Benefit amounts will range from \$5,000 to \$100,000 in \$1,000 increments.

3. Renewability

The renewability of this rider is based on the base policy to which it is attached.

4. Morbidity

The morbidity assumptions for each of the heart conditions and procedures covered were developed using the following sources:

- Heart Attack: American Heart Association 2007 Heart and Stroke Statistical Update
- Major Organ Transplant: Milliman Research Reports on Organ and Tissue Transplant Costs and Discussion published in 2002, 2005, and 2006
- Stroke: American Heart Association 2007 Heart and Stroke Statistical Update
- Coronary Artery Bypass Surgery: American Heart Association 2007 Heart and Stroke Statistical Update
- Aortic Surgery: Adult Cardiac Surgery in New York State, 2002-2004
- Heart Valve Replacement / Repair: American Heart Association 2007 Heart and Stroke Statistical Update
- Angioplasty: American Heart Association 2007 Heart and Stroke Statistical Update
- Stent: American Heart Association 2010 Heart Disease and Stroke Statistical Update

Basic attained age claim costs were derived from the above sources and have been adjusted to reflect the first ever diagnosis or procedure under the rider, remove co-morbidities, take into account the effect of underwriting, and reflect Company experience. Claim costs were provided by Michelle Dyke, FSA, MAAA, Principal and Consulting Actuary of Milliman, Inc.

5. Mortality

Mortality used is 100% of the 2001 CSO Table, ALB.

6. Persistency

The assumed persistency rates are the complement of the lapse rates illustrated below.

Duration	Lapse
1	25.0%
2	15.0%
3	12.5%
4	10.0%
5	9.0%
6	9.0%
7+	8.0%

7. Expenses

- a) Maintenance expenses are assumed to be 4.5% of premium and 3.0% of claims
- b) Premium taxes are assumed to be 2.0% of premium

8. Premium Classes

Premiums will vary by rate class, issue age, and benefit amount. Premium rates are included in Attachment 1 - Heart and Stroke Premiums.

9. Issue Age Range

The issue ages are based on the base policy to which this rider is attached and may range from 18 to 99.

10. Area Factors

There are no area factors for these rider forms. The rates will be the same throughout the state.

11. Average Annual Premium

The average annual premium is \$521.34. Premiums are calculated by multiplying the number of units purchased by the annual per \$1,000 benefit premium rates included in Attachment 1 - Heart and Stroke Premiums.

12. Premium Modalization

	Credit Card	Direct Bill	List Bill	PAC
<i>Monthly</i>	0.0850	N/A	0.0900	0.0850
<i>Quarterly</i>	0.2650	0.2650	0.2650	0.2650
<i>Semi-Annual</i>	0.5200	0.5200	0.5200	0.5200
<i>Annual</i>	1.0000	1.0000	1.0000	1.0000

13. Claim Liability and Reserves

Claim reserves will be set using appropriate actuarial methodology. There are currently no claim reserves held since these are new rider forms.

14. Active Life Reserves

Active life reserves will be set using appropriate actuarial methodology. There are currently no active life reserves held since these are new rider forms.

15. Trend Assumptions

No trend has been assumed in this filing.

16. Minimum Loss Ratio

The minimum acceptable loss ratio is 55.0%.

17. Anticipated Loss Ratio

The anticipated loss ratio is expected to be 55.0%. This loss ratio equals the present value of benefits divided by the present value of annual premiums over a 40-year period, assuming a 3.24% discount rate. Durational loss ratios are included in Attachment 2 - Heart and Stroke Loss Ratios.

18. Actuarial Certification

I, Susan Hawthorne, am a member of the American Academy of Actuaries and I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

I believe this rate filing is in compliance with the applicable laws and rules of this state. This memorandum has been prepared in conformity with all applicable Actuarial Standards of Practice, including ASOP No. 8.

In my opinion, the rates included in the actuarial memorandum are not excessive, inadequate or unfairly discriminatory. They were developed using reasonable assumptions and in accordance with generally accepted actuarial principles. These rates are appropriate for the class of risks for which they are intended. This filing is in compliance with state law and regulation. The actuarial memorandum has been prepared for the sole purpose of demonstrating that the proposed rate schedule is reasonable and the memorandum may be not appropriate for other purposes.

Emerging experience should be carefully monitored relative to the assumptions and appropriate adjustments made to the premiums in a timely manner.



Susan Hawthorne, ASA, MAAA
Associate, Society of Actuaries
Member, American Academy of Actuaries
January 7, 2014

SERFF Tracking Number:	UTAC-129368050	State:	District of Columbia
Filing Company:	Loyal American Life Insurance Company	State Tracking Number:	
Company Tracking Number:	LOYAL LSC/LSH		
TOI:	H07I Individual Health - Specified Disease - Limited Benefit	Sub-TOI:	H07I.001 Critical Illness
Product Name:	Loyal LSC/LSH		
Project Name:	Loyal LSC/LSH		

Objection Letter Status: Pending Industry Response

Objection Letter Date: 02/11/2014

Respond By Date: 03/04/2014

Submitted Date: 02/11/2014 07:36 AM

Dear Ashley Heath,

Introduction: Thank you for your recent filing. Please see below for additional information requested to continue review of the rate filing.

[Objection 1](#)

Comments:

The Rate Review Data Detail section of the filing is missing. The State understands this is a new filing and not required, however completing would be preferred. Please correct, via post-submission update.

RESPONSE: This is a new filing and not for a rate increase on any non-grandfathered product. We do not have information to provide on this form.

[Objection 2](#)

Comments:

Please provide the SERFF Tracking# for the Companion Forms' Filing(s).

RESPONSE: UTAC-129368051

[Objection 3](#)

- Cover Letter All Filings (Supporting Document)
- Certificate of Authority to File (Supporting Document)
- Actuarial Memorandum (Supporting Document)
- Actuarial Justification (Supporting Document)
- District of Columbia and Countrywide Loss Ratio Analysis (P&C) (Supporting Document)
- District of Columbia and Countrywide Experience for the Last 5 Years (P&C) (Supporting Document)
- Actuarial Memorandum and Certifications (Supporting Document)
- Unified Rate Review Template (Supporting Document)
- Lump Sum Cancer Policy and Recurrence (Rate)
- Lump Sum Heart Policy and Restoration (Rate)
- Hospital and Intensive Care Unit Indemnity Rider (Rate)
- Hospital Indemnity Rider (Rate)
- Intensive Care Unit Rider (Rate)

- Lump Sum Cancer Rider (Rate)
- Lump Sum Heart Rider (Rate)

Comments:

The District of Columbia will allow Binding Arbitration only after a dispute arises and both parties are in agreement. Please contact the Forms' Division for acceptable wording.

RESPONSE: The arbitration wording used in this policy was given to us by the forms department on 11/29/2013 by Colin Johnson.

Objection 4

- Actuarial Memorandum (Supporting Document)
- Actuarial Justification (Supporting Document)
- Actuarial Memorandum and Certifications (Supporting Document)
- Lump Sum Cancer Policy and Recurrence (Rate)
- Lump Sum Heart Policy and Restoration (Rate)
- Hospital and Intensive Care Unit Indemnity Rider (Rate)
- Hospital Indemnity Rider (Rate)
- Intensive Care Unit Rider (Rate)
- Lump Sum Cancer Rider (Rate)
- Lump Sum Heart Rider (Rate)

Comments:

Please provide a detailed make-up of expenses as a percentage of premiums for all ALR. The detailed make-up of expenses should be provided as a percentage of premiums. Each expense item should be accounted for separately and total 100%. Expenses such as taxes, administrative, et al should not be grouped together. Expenses such as profit, claims, commission, e.g. should be included.

RESPONSE: I have attached the Detailed Make-up on Expenses Summary under Supporting Documents.

Objection 5

- Cover Letter All Filings (Supporting Document)
- Certificate of Authority to File (Supporting Document)
- Actuarial Memorandum (Supporting Document)
- Actuarial Justification (Supporting Document)
- District of Columbia and Countrywide Loss Ratio Analysis (P&C) (Supporting Document)
- District of Columbia and Countrywide Experience for the Last 5 Years (P&C) (Supporting Document)
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- Lump Sum Cancer Policy and Recurrence (Rate)
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- Hospital Indemnity Rider (Rate)
- Intensive Care Unit Rider (Rate)
- Lump Sum Cancer Rider (Rate)
- Lump Sum Heart Rider (Rate)

Comments:

Please confirm: Dispositions with respects to this filing are being made on behalf of residents of the District of Columbia only.

RESPONSE: We confirm.

Objection 6

- Cover Letter All Filings (Supporting Document)

- Certificate of Authority to File (Supporting Document)
- Actuarial Memorandum (Supporting Document)
- Actuarial Justification (Supporting Document)
- District of Columbia and Countrywide Loss Ratio Analysis (P&C) (Supporting Document)
- District of Columbia and Countrywide Experience for the Last 5 Years (P&C) (Supporting Document)
- Actuarial Memorandum and Certifications (Supporting Document)
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- Intensive Care Unit Rider (Rate)
- Lump Sum Cancer Rider (Rate)
- Lump Sum Heart Rider (Rate)

Comments:

Please note, this rate filing is subject to conformity with the corresponding forms' filing. This department reserves the right to withdraw the filing if not.

RESPONSE: We acknowledge the forms filing must be approved to use this policy.

[illegible]